

MARKET REGULATION ADVISORY NOTICE

Exchange	CBOT
Subject	Open Outcry Trading of Treasury and Swap Futures in the Treasury and Swap Futures Pit
Rule References	Rule 521
Advisory Date	February 7, 2011
Advisory Number	CBOT RA1101-1

This Advisory Notice supersedes CBOT Market Regulation Advisory Notice RA1004-1 from April 26, 2010, and is being issued based on a change to the definition of the rollover time period with respect to the policy concerning trading in the Treasury and Swap futures pit. Effective immediately, the rollover time period for purposes of this policy will be defined as the last ten business days of the month preceding a quarterly contract month's expiration and the first three business days of the expiring quarterly contract month.

This policy is applicable only during the contract rollover time period. Outside of the rollover time period, members are allowed to bid, offer and trade any Treasury or Swap futures contract from any area of the Treasury futures pit, provided that bids and offers originating outside of a particular contract's trading area are vocally and openly represented in a manner that is clearly transparent to the area of the pit where the product trades. Additional information on the policy is set forth below.

Failure to adhere to this policy may result in the issuance of charges for violation of Rule 514 ("Trading Infractions"), which will be heard by a Panel of the Floor Conduct Committee. A Panel may impose fines of up to \$10,000 per offense, or in the case of an egregious violation, may impose fines of up to \$20,000 per offense. Further, the Market Regulation Department may refer particularly egregious matters to the Probable Cause Committee.

Members are reminded to ensure that all trades are promptly and accurately reported to the market reporters and checked with the opposing party.

Policy During Rollover Time Period

1. For purposes of the policy, the rollover time period is defined as the last ten business days of the month preceding a quarterly contract month's expiration and the first three business days of the expiring quarterly contract month.
2. Members located outside of the designated section for trading a specific product may trade against bids and offers initiated from within the appropriate section of the pit.

Members located outside of the designated section for trading a specific product may bid or offer in response to a request for quote that originates from within the appropriate section of the pit and may subsequently consummate a trade.

*For example, a bid/offer or a request for quote in the Ten-Year Note contract must originate in the Ten-Year Note section of the pit (**except as provided for in Section 3 below**); however, individuals located in any section of the pit may hit a bid, lift an offer or respond to a request for quote that originated in the Ten-Year Note section of the pit.*

3. Members located outside of the designated section for trading a specific product may request a market in products trading outside of their section. However, in order to trade opposite bids or offers received in response to the request, the member requesting the bid or offer must move to the designated section of the pit in order to execute a trade.

For example, an individual in the Ten-Year section of the pit may request a market in the Five-Year contract. In order to trade opposite any bids or offers received in response to the request for a market, the individual in the Ten-Year section of the pit must subsequently move to the Five-Year section of the pit in order to execute a trade.

Please be advised that during the rollover time period, a broker who asks another individual to request a market in a product outside of their designated section and then executes brokerage opposite bids and offers made in response to that request for a market without moving to the designated section will be charged with a violation of Rule 514. Further, any other similar attempts to circumvent this policy during the rollover time period will result in charges being issued pursuant to Rule 514.

This policy applies to outright orders, calendar spreads and intermarket spreads. The intermarket spread locations are as follows:

<u>SPREAD</u>	<u>ORIGINATING LOCATION</u>
2-Year Notes/Ultra T-Bond	2-Year Note section
2-Year Note/T-Bond	2-Year Note section
2-Year Note/10-Year Note	2-Year Note section
2-Year Note/5-Year Note	2-Year Note section
3-Year Notes/Ultra T-Bond	2-Year Note section
3-Year Note/T-Bond	2-Year Note section
3-Year Note/10-Year Note	2-Year Note section
3-Year Note/5-Year Note	2-Year Note section
5-Year Note/Ultra T-Bond	5-Year Note section
5-Year Note/T-Bond	5-Year Note section
5-Year Note/10-Year Note	5-Year Note section
10-Year Note/Ultra T-Bond	10-Year Note section
10-Year Note/T-Bond	10-Year Note section
10-Year Note/T-Bond Tandem	10-Year Note section
T-Bond/Ultra T-Bond	T-Bond section

SPREAD

ORIGINATING LOCATION

30- Year Swaps/Ultra T-Bonds	Swaps section
5/7/10/30-Year Swaps/T-Bonds	Swaps section
5/7/10/30-Year Swaps/10-Year Notes	Swaps section
5/7/10/30-Year Swaps/5-Year Notes	Swaps section
5/7/10/30-Year Swaps/2-Year Notes	Swaps section

Any multi-legged spreads involving the yield curve that are not specified above must originate from the section of the pit in which the product at the shortest end of the yield curve involved in the spread is traded.

Policy Outside Rollover Time Period

Outside of the rollover time period, members may bid, offer and trade any Treasury or Swap futures contract from any area of the Treasury futures pit, **provided that bids and offers originating outside of a particular contract's trading area are vocally and openly represented in a manner that is clearly transparent to the area of the pit where the product trades.** Notwithstanding the above, any such bids and offers may be accepted by any market participant in any area of the pit. Members are cautioned that a failure to ensure that such bids and offers are vocally and clearly directed to the specific area of the pit where the product trades will be subject to the issuance of charges for violation of Rule 514. Further, the Market Regulation Department may refer particularly egregious matters to the Probable Cause Committee.

Questions regarding this notice may be directed to:

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