MARKET REGULATION ADVISORY NOTICE
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Exchange	**CME & CBOT**
Subject	**Options Price Reporting**
Rule References	**Rule 528**
Advisory Date	**June 12, 2008**
Advisory Number	**CME & CBOT – RA0812-3**
Effective Date	**July 1, 2008**

As part of the harmonization of practices on the combined trading floors, all options traders are required to report the price of every option trade to the price reporting staff, irrespective of whether the traded price represents a change from the last reported price. In accordance with Rule 528 ("Price Reporting"), both parties to a trade are required to ensure that the price of the trade is properly posted.

Beginning July 1, 2008, a member's failure to accurately report each options trade and record the correct time bracket may result in bracket exception edits and sanctions under Rule 536.F. ("CTR Enforcement Program and Sanction Schedule"). Bracket exceptions beyond the 8% threshold in a given month may result in automatic fines. Members should pay particular attention to ensuring that the $ bracket is recorded for trades executed during the opening range, % bracket for trades executed during the closing range, and # bracket for trades executed during the post close session.

The examples below describe certain reporting errors that will be cited as bracket exceptions:

<u>Example 1:</u>   The quotation listing reflects the following trades:

Time	Bracket	Price
9:35:40	K	.25
9:46:30	L	.26
10:17:25	N	.26

If the member executes an options trade at a price of .26 in bracket M (10:00-10:15) but fails to ensure that the price is properly posted during bracket M, a bracket exception will be cited.

In this example, the member will receive an edit message of "No Quote Found within Bracket" because the trade price of .26 was not reported during bracket M.

<u>Example 2:</u>   The quotation listing reflects the following trades in a product with a closing range from 1:14-1:15:

Time	Bracket	Price
1:13:20	Z	1.46
1:14:08	%	1.47
1:14:30	%	1.48
1:14:59	%	1.51

If the member executes an options trade at a price of 1.50 during the closing range (bracket %) but fails to ensure that the price is properly posted during the closing range bracket, a bracket exception will be cited.

In this example, the member will receive an edit message of "No Quote Found within Bracket" because the trade price of 1.50 was not reported during the closing range bracket.

Questions regarding this advisory may be directed to the following individuals in Market Regulation:

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