

MARKET REGULATION ADVISORY NOTICE

Exchange	CME & CBOT
Subject	Computerized Trade Reconstruction (“CTR”) Bracket Exception Program
Rule References	Rule 536
Advisory Date	July 20, 2009
Advisory Number	CME & CBOT RA0909-3
Effective Date	August 3, 2009

Over the last several months the Market Regulation Department (“Department”) has provided information to the membership that spread trades would soon be included as part of the Bracket Exception Program (“program”). In order to ensure that the membership was made aware of the importance of the proper price reporting of spreads, staff of the Department has met with various pit committees, sent numerous informational letters and spoken with many individual members.

This Advisory Notice is being issued to inform the membership that **effective August 3, 2009**, the Computerized Trade Reconstruction (“CTR”) Bracket Exception Program will begin to include the analysis of spreads in determining compliance with the program. CME and CBOT Rule 528 (“Price Reporting”) requires parties to pit trades to properly notify the designated Exchange official of the price at which the trades have been consummated. Both parties to pit trades are required to ensure that the prices are properly posted. The requirement pertains to all pit-traded outright, spread and combination trades.

Additionally, every spread or combination transaction must be reported each time it is traded. For example, if a spread is executed at 10:01 a.m. and subsequently trades again at 10:02 a.m., the price must be quoted and the spread must be reported both times, **regardless of whether there has been a change in price**. Along with the spread price, members must also report the quantity of the spread to the pit reporters, who will record the member’s acronym. Any spread price that does not appear in Time and Sales during the bracket designated by the members executing the spread will be cited as an error in the Bracket Exception Program.

Members will be subject to disciplinary action if their monthly percentage of bracket exceptions is 8% or greater at the end of the month. Spread activity will be reviewed and reflected in a member’s percentages beginning on August 3. Violation letters issued in early September for trade month August will therefore include this activity.

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

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