

MARKET REGULATION ADVISORY NOTICE

Exchange	CME, CBOT, NYMEX & COMEX
Subject	Simultaneous Buy and Sell Orders for Different Beneficial Owners; Trading Against Customers' Orders Prohibited
Rule References	Rule 533 and Rule 531
Advisory Date	October 5, 2009
Advisory Number	CME Group RA0911-5
Effective Date	CME/CBOT as of November 2; NYMEX/COMEX Immediately

This Advisory Notice supersedes Market Regulation Advisory Notice RA0703-3 issued on November 29, 2007, and clarifies the proper procedures for the handling of simultaneous buy and sell orders for different beneficial owners in open outcry and electronic markets. As a result of the amendments, all CME Group exchanges will have completely harmonized language for Rule 533 ("Simultaneous Buy and Sell Orders for Different Beneficial Owners") and Rule 531 ("Trading Against Customers' Orders Prohibited"). The complete texts of both rules begin on page 2 of this Advisory Notice.

Effective November 2, 2009, CME and CBOT will eliminate the requirement that a member executing simultaneous buy and sell orders for different beneficial owners complete a cross trade form after having executed a cross trade. As of that date, Exchange price reporting staff will begin to identify cross trades in the Price Reporting System, a process currently operational at NYMEX and COMEX, and members will be responsible for ensuring that the trades are accurately reported as cross trades. Based on the change to CME and CBOT Rule 533, conforming changes to Rule 531 ("Trading Against Customers' Orders Prohibited") have also been made.

Until November 2, 2009, CME and CBOT members executing cross trades must continue to complete a cross trade form and present it to an Exchange official.

Neither this Advisory Notice nor the rules referenced herein pertain to transactions on CME Globex that involve pre-execution communications. Pre-execution communications are addressed in each exchange's Rule 539 ("Prearranged, Pre-Negotiated and Noncompetitive Trades Prohibited") and in the Market Regulation Advisory Notice concerning Rule 539, which can be found on the Rulebook Harmonization page at the following link:

<http://www.cmegroup.com/rulebook/rulebook-harmonization.html>

Open Outcry Markets

Rule 533 ("Simultaneous Buy and Sell Orders for Different Beneficial Owners") allows for the direct crossing of buy and sell orders by a floor broker provided that the orders are for the accounts of different beneficial owners and the floor broker executing the orders first openly bids and offers the price and quantity three times in a manner that is transparent to the pit. If neither the bid nor the offer is accepted, then the floor broker may match the orders, or any remaining portion of the orders, in the presence of, and with the approval of, a Floor Operations staff member.

Market participants are reminded that pre-execution communications or any other form of prearrangement are prohibited with respect to all orders entered for execution in the open outcry venue.

A floor broker may not cross an order with a trade for his own account, an account in which he has a direct or indirect financial interest, or an account over which he has discretionary trading authority unless the customer has consented in writing within the previous 12 months to waive the application of Rule 531 ("Trading Against Customers' Orders Prohibited").

A floor broker who executes cross trades must ensure that it is reported to Exchange price reporting staff for entry into the Price Reporting System as a cross trade. Failure to identify the transaction to Exchange price reporting staff as a cross trade shall constitute a violation of the rule.

Electronic Markets

In electronic markets, opposite orders for different beneficial owners that are simultaneously placed by a party with discretion over both accounts may be entered on the electronic platform provided that one order is exposed for a minimum of 5 seconds in the case of futures orders (including futures spreads) or for a minimum of 15 seconds in the case of options orders (including any spread with an option component). Similarly, an order allowing for price and/or time discretion, if not entered immediately upon receipt, may be knowingly entered opposite another order entered by the same firm only if the other order has been entered immediately upon receipt and has been exposed for a minimum of 5 seconds in the case of futures orders or for a minimum of 15 seconds in the case of options orders. Orders involving pre-execution communications are separately governed by each Exchange's Rule 539.

Questions regarding this Advisory Notice may be directed to the following individuals in Market Regulation in Chicago and New York:

Russell Cloughen, Associate Director, 212.299.2880
Robert Sniegowski, Associate Director, 312.341.5991

For media inquiries concerning this Advisory Notice, please contact CME Group Corporate Communications at 312.930.3434 or news@cmegroup.com.

Text of Rules 533 and 531

533. SIMULTANEOUS BUY AND SELL ORDERS FOR DIFFERENT BENEFICIAL OWNERS

A member who is in possession of both buy and sell orders for different beneficial owners for the same product and expiration month, and, for a put or call option, the same strike price, may execute such orders for and directly between such beneficial owners provided that in pit trading, a member executing such orders shall first bid and offer by open outcry three times at the same price, stating the number of contracts, and, thereafter, if neither the bid nor the offer is accepted, the orders may be matched in the presence, and with the approval, of a designated Exchange official.

The member making such transactions shall, by appropriate descriptive words or symbols, clearly identify all such transactions on his trading card or other similar record made at the time of the execution. The member executing such trade must ensure that it is reported to Exchange price

reporting staff for entry into the Exchange Price Reporting System. Failure to identify the transaction to Exchange price reporting staff as a cross trade shall constitute a violation of this rule.

On the Globex platform, opposite orders for different beneficial owners that are simultaneously placed by a party with discretion over both accounts may be entered into the Globex platform provided that one order is exposed for a minimum of 5 seconds in the case of futures orders or a minimum of 15 seconds in the case of options orders. An order allowing for price and/or time discretion, if not entered immediately upon receipt, may be knowingly entered opposite another order entered by the same firm only if this other order has been entered immediately upon receipt and has been exposed on the Globex platform for a minimum of 5 seconds for futures orders or a minimum of 15 seconds for options orders.

531. TRADING AGAINST CUSTOMERS' ORDERS PROHIBITED

531.A. General Prohibition

No person in possession of a customer order shall knowingly take, directly or indirectly, the opposite side of such order for his own account, an account in which he has a direct or indirect financial interest, or an account over which he has discretionary trading authority.

531.B. Exceptions

The foregoing restriction shall not apply to the following:

1. Transactions executed in accordance with Rule 527 to resolve bona fide outrades or errors;
2. Transactions executed pursuant to Rule 538;
3. Block trades executed pursuant to Rule 526;
4. On the Globex platform, a person may knowingly trade against his customer order for his own account, an account in which he has a direct or indirect financial interest, an account over which he has discretionary trading authority, or a proprietary account of his employer, only if the customer order has been entered immediately upon receipt and has first been exposed on the Globex platform for a minimum of 5 seconds in the case of futures orders or for a minimum of 15 seconds in the case of options orders; and
5. Transactions where the customer has consented in writing no more than 12 months prior to the transaction to waive the application of Rule 531.A. Such transactions shall further be subject to the following requirements: (i) if the transaction was pit traded, the member complies with the requirements set forth in Rule 533; (ii) the member clearly identifies, by appropriate descriptive words, all such transactions, and (iii) if the transaction was pit traded, the member ensures that it is reported to Exchange price reporting staff for entry into the Exchange Price Reporting System as a cross trade.