



Special Executive Report

S-5634

March 14, 2011

Revisions to Rule 432

Effective March 28, 2011, CME, CBOT, NYMEX and COMEX will adopt an amendment to section L.3. of Rule 432 (“General Offenses”). Rule 432.L.3 addresses the production of books and records. The amendment expands the rule to include the format in which books and records must be produced, noting that it will be an offense for a market participant subject to the Rules to fail to produce any books or records requested by exchange staff if such books or records are not submitted *in the format and medium specified in the request*. The amendment is intended to increase efficiencies with respect to the production and review of information.

As a result of the amendment, market participants will be required to provide all books and records to the Market Regulation Department (“Department”) in electronic format unless the request specifically requires that the book or record be provided in another format. In certain circumstances, the Department may specifically require that original source documents, for example, handwritten order tickets, be provided instead of an electronic reproduction of the documents. In most instances, however, documents will be required to be provided in PDF format. Audio recordings will be required to be submitted on a compact disc or via email as an MP3 or WAV file. Where a specific production format is required by exchange staff, production request letters will specify the format or medium which must be used when responding to the request.

To the extent that a market participant is unable to provide the document in the format or medium specified in the request letter, the participant may request permission to produce the book or record in an alternate format or medium. Such request should be made at least two business days before the due date specified within the request, and be submitted in writing, inclusive of email. All requests for alternate production methods must include an explanation of the basis for the alternative format request as well as a proposed date by which the documents will be provided. All requests will be subject to approval by the Department.

The revision to Rule 432.L.3. is set forth below, with additions underscored.

Rule 432. General Offenses

It shall be an offense:

[Sections A. – L.2. are unchanged.]

3. to fail to produce any books or records requested by duly authorized Exchange staff, in the format and medium specified in the request, within 10 days after such request is made or such shorter period of time as determined by the Market Regulation Department in exigent circumstances;

[The remainder of the Rule is unchanged.]

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