



Special Executive Report

S-5432

October 12, 2010

Revisions to NYMEX and COMEX Rule 524 **("Trading at Settlement ("TAS") and Matched Order ("MO") Transactions")**

Effective October 25, 2010, NYMEX and COMEX will adopt amendments to Rule 524 ("Trading at Settlement ("TAS") and Matched Order ("MO") Transactions") that address the time period during which TAS orders in TAS-eligible products may be entered on CME Globex and the number of contract months and the time period during which Copper futures orders may be executed via open outcry as MO transactions in the Copper futures pit.

With respect to the entry of TAS Orders on Globex, the rule will permit the entry of such orders on Globex at any time the applicable contracts are available for TAS trading on Globex and during each TAS contract's prescribed pre-open time period. The initiation of any TAS order on Globex outside these time periods will be prohibited.

MO transactions in pit-traded Copper futures are open outcry trades competitively executed in the Copper futures pit where the trade is priced at that day's settlement price for the contract. The rule is being modified to allow for orders entered as MO transactions to be executed at any time the Copper futures pit is open for trading, with the exception of the post close session. Additionally, MO transactions will be eligible for execution in the spot month and the next six consecutive contract months in pit-traded Copper futures.

Additional information on the upcoming changes is available in today's release of NYMEX & COMEX Market Regulation Advisory Notice RA1005-4.

The amendments to Rule 524 appear on the next page, with additions underscored and deletions overstruck.

If you have any questions, please contact Nancy Minett, Director, Investigations, at 212.299.2940, Russell Cloughen, Associate Director, Investigations, at 212.299.2880, or, with respect to the MO changes, Bob Biolsi, Director, Energy/Metals Research and Product Development, at 212.299.2610.

Rule 524. Trading at Settlement (“TAS”) and Matched Order (“MO”) Transactions

The Exchange shall determine the commodities, contract months and time periods during which TAS and MO transactions shall be permitted.

524.A. Trading at Settlement (“TAS”) Transactions

The following shall govern TAS transactions:

1. TAS transactions executed in the pit must be made open and competitively pursuant to the requirements of Rule 521 during the hours designated for pit trading in the particular contract and must be identified as such on the member’s trading records.
2. TAS ~~order transactions on Globex~~ may be entered take place on Globex at any time the applicable contracts are available for TAS trading on Globex and during each TAS contract’s prescribed pre-open time period. The initiation of any TAS order on Globex outside these time periods is prohibited.
3. TAS-eligible commodities and contract months may be executed as block trades pursuant to the requirements of Rule 526 except that TAS block trades may not be executed on the last day of trading in an expiring contract.
4. TAS transactions may be executed at the current day’s settlement price or at any valid price increment ten ticks higher or lower than the settlement price.

524.B. Matched Order (“MO”) Transactions

MO transactions are open outcry trades competitively executed pursuant to Rule 521 where the price of the trade is that day’s settlement price for the contract.

The following shall govern MO transactions:

1. ~~The price of the MO will be the settlement price for that contract.~~
2. ~~Only Market on Close (“MOC”) orders are eligible to trade as an MO. Members may execute an MOC order during an eligible MO time period as an MO unless specific instructions to the contrary are at any time during pit trading hours except during the post close session. Members may execute an order as an MO provided the order is placed as an MO, and such instructions are denoted on the order. Failure to enter specific instructions when placing the MOC order will forfeit a customer’s right to cancel the MOC, in whole or in part, if the order or any portion of the order has been previously executed. An MOC order executed as an MO must be reported to the customer as an MO upon execution. An order entered as an MO will be executed during the closing period as an Market on CloseOC order if not previously executed as an MO or specifically designated to be executed only as an MO. An order specifically designated for execution only as an MO must be designated as such at the time the order is placed.~~
3. Members must identify an ~~MOC~~ order executed as an MO on their trading record.

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