



## Special Executive Report

S-4660

January 10, 2008

**AMENDMENTS TO CME RULES 588 AND 622  
AND  
ADOPTION OF CBOT RULES 588 AND 622  
IN CONNECTION WITH MIGRATION OF CBOT PRODUCTS TO CME GLOBEX**

Effective on Sunday, January 13, 2008, for Monday's business of January 14, 2008, electronic trading of CBOT equity and agricultural products will be migrated from e-cbot to CME Globex. Subsequently, electronic trading of CBOT financial products will be migrated from e-cbot to CME Globex on Sunday, January 27, 2008, for Monday's business of January 28, 2008. As of January 28, 2008, only CBOT metals products will continue to trade on e-cbot.

In connection with the migration of CBOT products to CME Globex, CME and CBOT are adopting a fully harmonized trade cancellation and price adjustment rule that will cover products traded on CME Globex and e-cbot, effective on January 13, 2008. This Special Executive Report provides information on the changes being made to CME Rule 588 ("Trade Cancellations and Price Adjustments") and the adoption of CBOT Rule 588, which will be identical to CME Rule 588. Additionally, this document describes changes to CME Rule 622 ("Claims Relating to Trade Cancellations or Price Adjustments"), the adoption of CBOT Rule 622 (also identical to CME Rule 622) and a series of changes to the rules and interpretations in CBOT Chapter 5B ("e-cbot").

The text of the amendments to CME and CBOT rules, with additions underscored and deletions overstruck begin on page 3 of this document. Clean copies of revised CME and new CBOT Rules 588 and 622 begin on page 22.

Questions regarding the information in this Special Executive Report should be directed to Paul Millhuff, Michael McDonald, Giuseppe Scimeca or Brian Wolf, Associate Directors, Globex Control Center ("GCC"), at 312.456.2391. Specific questions concerning CME and CBOT Rule 622 and CME and CBOT arbitration should be directed to Michael Conti, Arbitration Administrator, Market Regulation Department, at 312.930.4553.

### CME & CBOT Rule 588

The significant changes to fully harmonized CME & CBOT Rule 588 include the following:

- In Section B ("Review of Trades"), the time period for reporting an error trade in CBOT products has been expanded from 5 minutes to 8 minutes for liquid contracts and to one hour for illiquid contracts, consistent with the current CME rule. The CME rule has been modified to adopt a provision from existing CBOT rules which allows the GCC, in its discretion, to review trades in

illiquid contracts that are not reported within one hour in circumstances where the trade price is egregiously out of line with fair value.

- In Section C ("Trade Price Adjustment and Cancellation Process"), the CME rule has been modified to adopt the CBOT practice of price adjusting, rather than busting, options errors; however, the harmonized rule modifies the prior CBOT practice by establishing a Bid/Ask Reasonability Allowance for use in determining the parameters of the no bust range and the corresponding price adjustments. Under the harmonized rule, the no bust range is based, in part, on the premium value of the option rather than exclusively on a specific tick value. The Bid/Ask Reasonability Allowances and no bust ranges for options contracts are set forth at the end of Section K ("No Bust Ranges"). Please see the examples below which describe the application of the new Bid/Ask Reasonability Allowance and the corresponding price adjustments in connection with options error trades.
- Section C also adopts a provision affording the GCC the flexibility, in its discretion, to bust rather than re-price trades in options contracts and implied-eligible futures contracts if the trades in question involve multiple parties, prices and/or contracts. Additionally, Subsection C.3. ("Liability for Losses Resulting from a Price Adjustment or Trade Bust") has been modified to incorporate new language concerning liability for losses resulting from trade price adjustments.
- In Section K, the no bust range for CBOT Treasury futures has been reduced from 3 full points to 30/32nds in the case of Treasury Bond and Ten-Year Note futures and to 15/32nds in the case of Five-Year and Two-Year Note futures. The no bust range for CBOT Dow Jones Industrial Average Index futures has been reduced from 250 points to 60 points. The reduction in the no bust ranges for these products is based on CME Globex employing Stop Order Logic functionality which helps to mitigate artificial market spikes that can occur because of the continuous triggering, election and trading of stop orders. On CME Globex, if elected stop orders would result in execution prices that exceed pre-defined thresholds, the market automatically enters a very brief reserved state. During this period, new orders are accepted but trades do not occur until the reserve state expires, thereby providing an opportunity for the market to regain equilibrium.
- Section K now includes the no bust ranges for all contracts trading on CME Globex or e-cbot, including CBOT metals and CBOT-hosted Exchange products from the Kansas City Board of Trade and the Minneapolis Grain Exchange.

#### Price Adjustment Examples for Options Error Trades

##### **Example 1: Treasury Bond Options**

Bid/Ask Reasonability Allowance: 4/64ths

No Bust Range: 20% of premium up to 2/64ths with a minimum of 1 tick

Scenario: The market in a particular Treasury Bond put option is 18 bid at 22, with a quantity of 500 contracts on the bid and the offer.

In error, a market user enters a 28 bid for 2,000 contracts and receives fills of 22 on 500 contracts, 24 on 500 contracts, 26 on 500 contracts and 28 on 500 contracts.

Given that the initial market (18 bid at 22) was within the Bid/Ask Reasonability Allowance of 4/64ths, the price of 22 would be deemed a reasonable offer from which the no bust range would be applied. Because this is a buy side error, the no bust range is the lesser of 20% of the premium or 2/64ths above the offer price of 22. 20% of the premium of 22 is 4.4/64ths, which is greater than 2/64ths. Accordingly,

the lesser value of 2/64ths above the offer price would be used to determine the value to which prices would be adjusted. In this example, all the trades above 24/64ths would be adjusted down to a price of 24/64ths.

#### **Example 2: E-mini Standard & Poor's 500 Stock Price Index Options**

Bid/Ask Reasonability Allowance: 2.00 index points  
No Bust Range: 20% of premium up to 1.00 index point

Scenario: In error, a market user offers 500 in the January 2008 1375 calls at a price of 62.00 at a time in which there are no resting orders in the book. The price of 62.00 is significantly below fair value and the order is subsequently filled at 62.00. The user intended to enter the order in the January 2008 1385 calls.

The GCC calculates a fair value price of 71.00 for the 1375 calls. Using a 2.00 index point Bid/Ask Reasonability Allowance, the reasonable bid/offer spread is therefore determined to be 70.00 at 72.00.

In order to determine the parameters of the no bust range, the lesser of 20% of the premium or 1.00 index point would be subtracted from the bid price of 70. 20% of 70 is 14.00 index points which is larger than 1.00 index point. Accordingly the lesser value of 1.00 index point is subtracted from the bid price to determine the value to which prices would be adjusted. Therefore all trades below 69.00 would be adjusted to a price of 69.00

#### CME & CBOT Rule 622

Based on the adoption of the Option Contracts section in CME and CBOT Rule 588.C.2.c. and C.3.c., modifications to CME Rule 622.A., B. and C. were required to clarify that claims for losses on price-adjusted trades will be handled pursuant to the specific provisions of Rule 622. Additionally, CBOT is adopting new CBOT Rule 622 effective January 13. CME and CBOT Rule 622 are identical.

#### CBOT Rule 5B.21 and Related Interpretations

CBOT Rule 5B.21, formerly titled "Error Trade Policy" has been renamed "Trade Cancellations and Price Adjustments." The language in the rule has been harmonized with the introductory language in Rule 588, and the rule has incorporated a reference to the provisions of Rule 588. Additionally, based on the CBOT adoption of Rule 588, three legacy e-cbot interpretations have been deleted from CBOT Chapter 5B.

#### Text of Approved Rule Changes

Marked changes to CME Rule 588:

#### **588. GLOBEX-TRADE CANCELLATIONS AND PRICE ADJUSTMENTS**

##### **588.A. Globex Control Center Trade Cancellation Authority**

The following policy shall be applied to balance the adverse effects on market integrity of executing trades and publishing trade information inconsistent with prevailing market conditions while preserving legitimate expectations that executed transactions will not be cancelled. The Exchange's trade cancellation policy authorizes the Globex Control Center ("GCC") to ~~adjust trade prices or cancel (bust) trades when such action is necessary to~~ mitigate market disrupting events caused by the improper or erroneous use of the ~~Globex~~ electronic trading system or by system defects ~~by adjusting trade prices or canceling ("busting") trades~~. Notwithstanding any other provisions of this rule, the GCC may ~~also~~ adjust trade prices or cancel any trade if the GCC determines that ~~failure to adjust the price or cancel~~ allowing the trade ~~to stand as executed~~ may have a material, adverse effect on the integrity of the market. The decision of the GCC shall be final.

#### 588.B. Review of Trades

The GCC may review a trade based on its analysis of market conditions or a request for review by a ~~Globex~~ user of the electronic trading system. A request for review must be made within eight minutes of the execution of the trade ~~occurring~~. The GCC shall promptly determine whether the trade will be subject to review, and upon deciding to review a trade, the GCC will promptly issue an alert indicating that the trade is under review.

In the case of illiquid contracts, the GCC may initiate a review up to one hour after the ~~trade occurred~~. ~~Promptly after deciding to review a trade, the GCC will issue an alert indicating that the trade is under review.~~ execution of the trade, and has the authority, but not the obligation, to review trades reported more than one hour following execution if it determines that the trade price was egregiously out of line with fair value.

#### 588.C. Trade Price Adjustment and Cancellation Process

The GCC will first determine whether the trade price is within the No Bust Range for futures or within the ~~contract pursuant to~~ Bid/Ask Reasonability Allowance for options, as described in Section K. The Bid/Ask Reasonability Allowance for an option is the maximum width of the bid/ask range which will be considered reasonable for use in applying the parameters necessary to establish the no bust range for the option. During fast market conditions, upon the release of significant news ~~events~~, or in other circumstances in which the GCC determines it is appropriate, the GCC may, without prior notice, temporarily double the published No Bust Range ~~without prior notice~~ or Bid/Ask Reasonability Allowance.

In applying the No Bust Range, the GCC shall determine the actual or implied market price for that contract immediately before the trade under review. The GCC may consider any relevant information, including, but not limited to, the existing market conditions, the volatility of the market, the prices of related instruments in other markets, the last trade price on ~~Globex~~ the electronic trading system, a better bid or offer price, a more recent price in a different contract month, the price of the same or related contract established in open outcry trading, theoretical value of an option based on the ~~current~~ (most recent) implied volatility, "responses to RFQs," and any other factors that the GCC deems relevant.

##### 1. Trade Price Inside the No Bust Range

If the GCC determines that the price of the trade was inside the No Bust Range, the GCC will promptly issue an alert indicating that the trade shall stand.

##### 2. Trade Price Outside the No Bust Range

###### a. Implied-Eligible Futures Contracts

If the GCC determines that a trade price is outside the applicable No Bust Range for an implied-eligible contract, the trade price shall be adjusted to a price that equals the actual or implied market price for that contract at the time of the questioned trade, plus or minus the standard or doubled No Bust Range, as ~~may be~~ applicable. ~~In the event there are multiple parties, prices and/or contracts involved in the transactions at issue, the GCC has the authority, but not the obligation, to bust rather than price adjust such transactions.~~ The GCC will promptly issue an alert indicating that the prices of the trades outside the No Bust Range have been adjusted to the No Bust Range limit:

~~— For example, if the standard No Bust Range for Eurodollars or LIBOR is 2.5 points above and below the market price and the doubled No Bust Range was in effect at the time of the transactions, all trade prices outside the doubled No Bust Range shall be adjusted to the applicable No Bust Range limit, i.e., 5 points above or below the market price have been busted.~~

###### b. All Other Futures ~~and Option~~ Contracts

If the GCC determines that the trade price is outside the No Bust Range for a non-implied-eligible futures contract, the GCC shall bust the trade. The GCC will promptly issue an alert indicating that trades outside the No Bust Range have been busted.

###### c. Option Contracts

If the GCC determines that a trade price is outside the applicable No Bust Range for an option contract, the trade price shall be adjusted. In the case of a buy error, the price will be adjusted to the determined ask price plus the applicable no bust parameter. In the case of a sell error, the price will be adjusted to the determined bid price minus the applicable no bust parameter. In the event there are multiple parties, prices and/or contracts involved in the transactions at issue, the GCC has the authority, but not the obligation, to bust rather than price adjust such transactions. The GCC will promptly issue an alert indicating that the prices of the trades outside the No Bust Range have been adjusted to the No Bust Range limit or have been busted.

- d. Notwithstanding the above, trades consummated pursuant to Rule 585 that are determined by the GCC to be outside the No Bust Range will stand, and a reciprocal trade negating the original trade will be consummated by means of a "type 8 transfer."

3. Liability for Losses Resulting from a Price Adjustment or Trade Bust

A party responsible for entering an order that results in a trade price adjustment shall not be liable for losses incurred by persons whose trade prices were adjusted, except as provided in 3.a., 3.b. and 3.c. below.

a. Implied Eligible Contracts – Price Adjusted Stop Orders

A party responsible for an order(s) that results in a trade price adjustment shall be liable for actual losses incurred by persons whose stop orders were elected as a result of the order(s). The compensable loss on each futures contract executed as part of a stop order shall be the difference between the adjusted price, as determined by the GCC, and the price in the market at the time the person knew or should have known that his stop order was erroneously elected.

b. Implied Eligible Contracts – Price Adjusted Spread Trades

A party responsible for an order that results in a trade price adjustment shall not be liable to persons whose spread orders were executed and adjusted unless the adjusted execution price of the spread is less favorable than the market equilibrium ~~spread~~-price for the relevant spread. The liability of the party responsible for an order that results in a price adjustment shall be limited to the difference between the adjusted price and the equilibrium market price, but shall not exceed the relevant No Bust Range.

c. ~~Implied Eligible~~Option Contracts – ~~Other Transactions~~Price Adjusted Trades

A party responsible for ~~entering~~ an order that results in a trade price adjustment shall not be liable ~~for losses incurred by~~ to persons whose ~~trade prices were~~ option orders were executed and adjusted, ~~except as provided in 3.a. and 3.b. above.~~

- d. ~~All Other Futures and Options Contracts~~ unless the adjusted execution price of the option is less favorable than the market equilibrium price for the relevant option. The liability of the party responsible for an order that results in a price adjustment shall be limited to the difference between the adjusted price and the market equilibrium price, but shall not exceed the relevant No Bust Range.

d. Busted Trades

A party responsible for an order that results in a trade bust may be liable for the reasonable out-of-pocket losses incurred by persons whose trades were busted or persons whose stop orders were elected and not busted. Issues of liability in such cases will be determined based upon all relevant facts and circumstances, including the conduct of the respective parties. ~~All claims in connection with such losses must be pursued under the applicable rules of Chapter 6.~~

588.D. Claim Process

A claim for a loss pursuant to Sections C.3.a., b. and ~~bc.~~ must be submitted to the Exchange, on an Exchange claim form, within five business days of the ~~price adjustment or the election of the stop~~ event giving rise to the claim. The Exchange shall reject any claim that is not permitted by Sections C.3.a., b. or c. and ~~S~~such decision shall be final. All claims, which are not rejected by the Exchange, shall be forwarded to the party responsible for the order(s) that result~~ed~~ in a trade bust or a price adjustment

and to the clearing member through which the trade was placed. Such party, or the clearing member on behalf of the party, shall, within ten business days of receipt of the claim, admit or deny responsibility in whole or in part. The liability for losses for a single incident shall be limited to \$500,000.

To the extent that liability is admitted, payment shall be made within ten business days. If liability is admitted but the total claims exceed \$500,000, the claims shall be reduced pro rata so that the total payment does not exceed \$500,000. To the extent that liability is denied, the claims shall be submitted to arbitration in accordance with Rule 622.

A claim for a loss pursuant to Section C.3.d. must be pursued under the applicable arbitration rules of Chapter 6.

#### **588.E. Trade Cancellation or Offset Procedures**

Upon a determination by the GCC that a trade shall be busted or that trade prices shall be adjusted, that decision will be implemented. The busted trade price and any price quotes that have been adjusted will be reflected as cancelled in the Exchange's official record of time and sales. Time and sales will reflect the trades at the adjusted price.

If the trade is not busted, the parties to the transaction cannot reverse the transaction by using a "type 8 transfer" except as provided in Section C.2.bd. and Section F. Additionally, if the trade is not busted, the parties may not reverse the trade by entering into a prearranged offsetting transaction unless ~~the reversal of such transactions are permitted and~~ effected in accordance with Rule 539.C.

#### **588.F. "Type 8 Transfers"**

Positions that result from a trade determined by the GCC to be outside the No Bust Range that cannot be busted because the trade was not reported within eight minutes of the ~~execution of the trade occurring~~ may be transferred between the parties using a "type 8 transfer" upon agreement of the parties. The transfer must use the original trade price and quantity. Any party may, but is not required to, include a cash adjustment to another party to the trade. Trades determined by the GCC to be inside the No Bust Range may not be reversed using a "type 8 transfer."

#### **588.G. Arbitration of Disputes Regarding "Type 8 Transfers"**

If a party does not agree to transfer a position pursuant to Section F., any other party to the trade may file an arbitration claim against the member or clearing member representing the other side of the trade. Written notice of such claim must be provided to the Exchange within five business days of the ~~execution of the trade occurring~~. Failure to file the claim within five business days shall be deemed a waiver of all claims. The arbitration claim will be dismissed by the Exchange if the owner of the account on the other side of the trade is not deemed a Member as defined in Rule 400 or a person otherwise subject to the Exchange's jurisdiction. If not dismissed, the arbitration claim will be conducted in accordance with Rule 622.

In deciding the claim, the Arbitration Committee may consider, among other factors, the reasonableness of the actions taken by each party and what action the party on the other side of the error trade took before being notified that the trade was being questioned.

#### **588.H. Voluntary Adjustment of Trade Price**

When a trade outside of the No Bust Range is busted in accordance with this rule, the parties to the trade may agree voluntarily to reestablish the trade but to adjust its price and make a cash adjustment provided that all of the following conditions are met:

1. The GCC approves the adjustment.
2. The quantity of the position being reestablished is the same as the quantity of the trade that was busted.
3. In the case of a trade below the actual or implied market price, the adjusted price must be the lowest price that traded at or about the time of the trade without being busted. In the case of a trade above the actual or implied market price, the adjusted price must be the highest price that traded at or about the time of the trade without being busted.
4. The parties to the adjusted trade must report it to the clearing system using a "type 8 transfer" with a "G" transfer code not later than the close of business on the business day after the trade

occurred.

#### 588.I. Busting Trades After System Freeze

In the event that the matching engine freezes with live orders in the queue waiting to be matched, such orders may be matched when the system is unfrozen before the GCC can halt the matching engine. The GCC is authorized to bust trades resulting from such matches if the price of such trades is outside of the No Bust Range at the time that a confirmation of the trades was sent.

#### 588.J. Schedule of Administrative Fees

When GCC busts a trade, the party responsible for entering the order into [Globex](#) the electronic trading system that gave rise to the trade bust shall pay an administrative fee to the Exchange in accordance with the following schedule. The fee is \$250 for each of the first five occasions in a calendar year where a party's order entry results in a trade bust, \$500 for each of the next three occasions within the same calendar year where a party's order entry results in a trade bust, and \$1,000 for each subsequent occasion within the same calendar year where a party's order entry results in a trade bust.

If a non-member customer responsible for entering an order [into Globex](#) that results in a trade bust fails to pay the fee in accordance with this section, the clearing member carrying the customer's account shall be responsible for payment of the fee.

#### 588.K. [Globex](#) No Bust Ranges

<u>Futures Contract</u>	<u>No Bust Range</u>
Eurodollar, E-mini Eurodollar and LIBOR	2.5 basis points <del>or less</del>
U.S. T-Bond	30/32nds
10 Yr. T-Note	30/32nds
5 Yr. T-Note	15/32nds
2 Yr. T-Note	15/32nds
30-Day Fed Funds	5 basis points
Interest Rate Swaps (30 Yr., 10 Yr., and 5 Yr.)	10/32nds
Credit Default Swap Index	1 point
E-mini Eurodollar Bundle	2.5 basis points <del>or less</del>
Euroyen	2.5 basis points <del>or less</del>
T-Bills	5 basis points <del>or less</del>
Swaps	5 basis points <del>or less</del>
CME Lehman Brothers U.S. Aggregate Index	2.00 index points <del>or less</del>
Eurozone HICP Futures	25 basis points <del>or less</del>
Currency Futures (except British pound and Mexican Peso)	20 ticks <del>or less</del>
British Pound Futures and Mexican Peso Futures	30 ticks <del>or less</del>
Spot FX	20 pips <del>or less</del>
S&P 500 and E-mini S&P 500	6.00 index points <del>or less</del>
DJIA (\$5, \$10, \$25)	60 index points
S&P Citigroup Growth	4.00 index points <del>or less</del>
S&P Citigroup Value	4.00 index points <del>or less</del>
S&P Midcap 400 and E-mini S&P Midcap 400	4.00 index points <del>or less</del>
S&P Smallcap 600 and E-mini S&P Smallcap 600	4.00 index points <del>or less</del>
E-Mini S&P Asia 50	12.00 index points <del>or less</del>
E-Mini MSCI EAFE	12.00 index points <del>or less</del>
E-Mini MSCI Emerging Markets	12.00 index points <del>or less</del>
S&P 500 Depository Receipts	0.60 index points <del>or less</del>
Russell 2000 and E-mini Russell 2000	4.00 index points <del>or less</del>
iShares Russell 2000	0.40 index points <del>or less</del>
Nasdaq-100 and E-mini Nasdaq-100	12.00 index points <del>or less</del>

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<u>Futures Contract</u>	<u>No Bust Range</u>
E-mini Nasdaq Composite	12.00 index points <del>or less</del>
E-mini Nasdaq Biotechnology	12.00 index points <del>or less</del>
Nasdaq-100 Index Tracking Stock	0.30 index points <del>or less</del>
Nikkei 225 (\$ and ¥)	60.00 index points <del>or less</del>
FTSE / Xinhua China 25	100 index points <del>or less</del>
S&P 500 Technology SPCTR	3.00 index points <del>or less</del>
S&P 500 Financial SPCTR	3.00 index points <del>or less</del>
Kansas City Value Line	40 index points
<del>Real Estate</del> Housing Futures	2.00 index points <del>or less</del>
Dow Jones US Real Estate Index	4 points
TRAKRS Futures	25 cents <del>or less</del>
Goldman Sachs Commodity Index	2.50 index points <del>or less</del>
CME Weather	25.00 index points <del>or less</del>
Weekly Average Temperature Index	1 degree <del>or less</del>
CME Snowfall	50 ticks or 5 inches
Carvill Hurricane Index	0.50 index points <del>or less</del>
Carvill Hurricane Index Seasonal	0.50 index points <del>or less</del>
Carvill Hurricane Index Seasonal Maximum	0.50 index points <del>or less</del>
Credit Index Event Futures	10 basis points <del>or less</del>
Corn & Mini-sized Corn	10 cents per bushel
Wheat & Mini-sized Wheat	10 cents per bushel
Soybeans & Mini-sized Soybeans	10 cents per bushel
Oats	10 cents per bushel
Rough Rice	20 cents per hundredweight
Soybean Meal	\$8.00 per ton
Soybean Oil	.80 cents per pound
South American Soybeans	20 cents per bushel
Lean Hogs	\$0.0050 per pound <del>or less</del>
Live Cattle	\$0.0050 per pound <del>or less</del>
Feeder Cattle	\$0.0050 per pound <del>or less</del>
Pork Bellies	\$0.0050 per pound <del>or less</del>
Dow AIG-ER Commodity Index	4 Points
Milk	\$0.20 per cwt.
Dry Milk	\$0.00750
Butter (Cash-Settled)	\$0.0075 per pound <del>or less</del>
<del>Milk</del>	<del>\$0.20 per cwt. or less</del>
<del>Dry Milk</del>	<del>\$0.00750 or less</del>
Dry Whey	\$0.00750 <del>or less</del>
Softwood Pulp	\$15.00/ per Tonne <del>or less</del>
Ethanol	4 cents per gallon
CBOT 100 oz. Gold and mini-sized Gold	\$4.00 per ounce
CBOT 5,000 oz. Silver and mini-sized Silver	\$0.10 per ounce
Kansas City Hard Red Winter Wheat	10 cents per bushel
Minneapolis Hard Red Spring Wheat	10 cents per bushel
Minneapolis National Corn Index	10 cents per bushel
Minneapolis National Soybean Index	10 cents per bushel
Minneapolis Hard Red Spring Wheat Index	10 cents per bushel
Minneapolis Hard Red Winter Wheat Index	10 cents per bushel

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<u>Futures Contract</u>	<u>No Bust Range</u>
Minneapolis Soft Red Winter Wheat Index	10 cents per bushel
NYMEX Crude Oil and NYMEX miNY Crude Oil	\$0.25 <del>or less</del>
NYMEX Brent	\$0.25 <del>or less</del>
NYMEX REBCO	\$0.25 <del>or less</del>
<b>NYMEX 3-2-1 PLUS</b>	<b>\$0.25</b>
NYMEX Heating Oil and NYMEX miNY Heating Oil	\$0.01 <del>or less</del>
NYMEX Gulf Coast ULSD	\$0.01 <del>or less</del>
NYMEX New York ULSD	\$0.01 <del>or less</del>
NYMEX Gulf Coast Gasoline	\$0.01 <del>or less</del>
NYMEX Singapore 380 Fuel Oil	\$2.00 <del>or less</del>
NYMEX RBOB Gasoline and NYMEX miNY RBOB Gasoline	\$0.01 <del>or less</del>
NYMEX Natural Gas and NYMEX miNY Natural Gas	\$0.05 <del>or less</del>
NYMEX Natural Gas (last-day) futures	\$0.05 <del>or less</del>
NYMEX Propane	\$0.01 <del>or less</del>
NYMEX Uranium	\$2.50 <del>or less</del>
NYMEX Ardour Global Index	12.5 index points <del>or less</del>
COMEX Gold and miNY Gold	\$4.00 <del>or less</del>
COMEX Asian Gold	\$0.40 <del>or less</del>
COMEX Silver and miNY Silver	\$0.10 <del>or less</del>
NYMEX Platinum	\$10.00 <del>or less</del>
NYMEX Asian Platinum	\$0.40 <del>or less</del>
NYMEX Palladium	\$5.00 <del>or less</del>
NYMEX Asian Palladium	\$0.40 <del>or less</del>
COMEX Copper and miNY Copper	\$0.02 <del>or less</del>
COMEX London Copper Grade A	\$40.00 <del>or less</del>
COMEX Aluminum	\$0.01 <del>or less</del>
COMEX London Primary Aluminum	\$40.00 <del>or less</del>
COMEX London SHG Zinc	\$40.00 <del>or less</del>
NYMEX Cocoa	\$40.00 <del>or less</del>
NYMEX Coffee	\$0.01 <del>or less</del>
NYMEX Cotton	\$0.008 <del>or less</del>
<b>NYMEX FCOJ</b>	<b>\$0.025 <del>or less</del></b>
NYMEX Sugar 11	\$0.0035 <del>or less</del>
NYMEX CAT Risk	50.00 index points <del>or less</del>

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<u>Futures Combinations</u>	
Eurodollar Combinations & E-mini Eurodollar Bundles	2.5 basis points <del>or less</del>
Non-Eurodollar, Non-Implied Eligible, Intra-Commodity Futures Spreads	5 ticks <del>or less</del>
Implied Eligible Inter- and Intra-Commodity Futures Spreads	Same as the no bust range of the individual legs
Inter-Commodity Futures Spreads	The wider of the no bust ranges of the two individual legs

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<u>Options on Futures</u>	<u>No Bust Range</u>
<u>Interest Rate Options</u>	
All Eurodollar Covered Strategies	1-basis-point
Prices below or equal to 5-basis-points	1-basis-point

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<u>Futures Contract</u>	<u>No Bust Range</u>
Prices greater than 5 through 15 basis points	1.5 basis points
Prices greater than 15 through 25 basis points	2 basis points
Prices greater than 25 basis points	2.5 basis points
Interest Rate Options Combinations (Deltas greater than 50%)	2.5 basis points
Equity Index Options	
Any premium level	20% of premium (up to 3.00 index points with a minimum of 1 tick) or less
Currency Options	
Any premium level	20% of premium (up to 10 ticks with a minimum of 1 tick) or less
Commodity Options	
Any premium level	20% of premium not to exceed 1/4 the No Bust Range of the underlying futures contract or less
NYMEX Energy Options	
Any premium level	20% of premium not to exceed 1/4 the No Bust Range of the underlying futures contract or less
COMEX Metals Options	
Any premium level	20% of premium not to exceed 1/4 the No Bust Range of the underlying futures contract or less

<u>Option Contract</u>	<u>Bid/Ask Reasonability</u>	<u>No Bust Range</u>
Eurodollars	2 basis points	2 minimum ticks
U.S. Treasuries (2, 5, 10 and 30Yr)	4/64ths	20% of premium up to 2/64ths with minimum of 1 tick
30-Day Fed Funds	4 basis points	20% of premium up to 2 basis points with a minimum of 1 tick
Binary Fed Funds	10 ticks	20% of premium from nearest endpoint (0 or 100) stated in positive terms
5Yr and 10Yr Swaps	10/64ths	20% of premium up to 5/64ths with a minimum of 1 tick
Equities (excluding DJIA)	2.00 index points	20% of premium up to 1.00 index point with a minimum of 1 tick
DJIA	10 points	20% of premium up to 5 points with a minimum of 1 tick
FX	8 ticks	20% of premium up to 4 ticks with a minimum of 1 tick
Agricultural (excluding Grains, Oil & Meal)	\$0.01	20% of premium up to \$0.005 with a minimum of 1 tick
Grains	\$0.02	20% of premium up to \$0.01 with a

		minimum of 1 tick
Soybean Oil	\$0.001	20% of premium up to \$0.0005 with a minimum of 1 tick
Soybean Meal	\$1.00	20% of premium up to \$0.50 with a minimum of 1 tick
Ethanol	\$.05	20% of premium up to \$0.025 with a minimum of 1 tick
CBOT Gold	\$4.00	20% of premium up to \$2.00 with a minimum of 1 tick
CBOT Silver	\$0.10	20% of premium up to \$0.05 with a minimum of 1 tick
MGEX Options	\$0.01	20% of premium up to \$0.005 with a minimum of 1 tick
KCBT Options	\$0.01	20% of premium up to \$0.005 with a minimum of 1 tick
NYMEX Crude Oil	\$0.25	20% of premium up to \$0.125 with a minimum of 1 tick
NYMEX Heating Oil	\$0.01	20% of premium up to \$0.005 with a minimum of 1 tick
NYMEX RBOB	\$0.01	20% of premium up to \$0.005 with a minimum of 1 tick
NYMEX Natural Gas	\$0.05	20% of premium up to \$0.025 with a minimum of 1 tick
COMEX Gold	\$4.00	20% of premium up to \$2.00 with a minimum of 1 tick
COMEX Silver	\$0.10	20% of premium up to \$0.05 with a minimum of 1 tick
COMEX Copper	\$0.02	20% of premium up to \$0.01 with a minimum of 1 tick

Marked changes to CME Rule 622:

## **622. CLAIMS RELATING TO TRADE CANCELLATIONS OR PRICE ADJUSTMENTS**

### **622.A. General**

All claims relating to certain price adjustments or trade busts pursuant to Rule 588.C.3.a., **b.** and **bc.** shall be arbitrated in accordance with the specific requirements of this Rule 622 and, to the extent not inconsistent with such requirements, the rules of this Chapter. All claims pursuant to Rule 588.C.3.d. shall be arbitrated in accordance with the rules of this Chapter.

### **622.B. Initiation of Claim**

Any claim for loss under Rule 588.C.3.a., **b.** or **bc.** must first be submitted to the Exchange as described in Rule 588.D. Following a denial of liability by a party responsible for a trade bust or price adjustment and by the clearing firm through which the trade was placed as described in Rule 588.D., the dispute shall be referred to arbitration. The Exchange shall administer the arbitration and provide notice to all parties.

The party alleged to have made the trade that caused the trade bust or price adjustment and the clearing firm through which that trade was placed both may be respondents in such arbitration. Any party responsible for a trade bust or price adjustment who is not otherwise subject to arbitration under these rules may voluntarily submit to such arbitration by filing a submission agreement with the

Exchange within 21 days of that party's receipt of notice of the referral to arbitration. In the absence of the voluntary submission to arbitration by such party, the arbitration shall proceed solely against the clearing firm through which the trade was placed, and that firm shall be liable for any damages awarded by the panel.

**622.C. Selection of Arbitration Panel**

All claims under Rule 588.C.3.a., **b.** and **cb.** shall be heard by a Mixed Panel as defined in Rule 601.A.3.

**622.D. Related Claims**

All claims arbitrable under this rule that arise out of a trade bust or price adjustment that was caused by the same incident shall, to the extent practicable in the determination of the chairman, be consolidated in a single arbitration.

**622.E. Award**

Within 30 days of completion of the hearing, the panel shall issue a written decision signed by a majority of the arbitrators.

The total award for a single incident shall not exceed \$500,000. Except as provided below, the claims shall be limited to out-of-pocket losses. If the claimants' allowable losses exceed \$500,000, the amount awarded to each claimant shall be reduced pro rata so that the total award does not exceed \$500,000. Any award shall be made jointly and severally against the respondents. In the event the panel finds the respondent(s) liable for the full amount of the claim (or the capped amount of \$500,000), the panel shall also award the claimants their costs and attorneys fees incurred in connection with arbitrating the claim. Punitive damages, loss of profits, loss of use, and indirect, incidental or consequential damages shall not be awarded. The decision of a majority of the panel shall be final and may not be appealed.

A party may move, within three business days of the award, for an order correcting or modifying the award to remedy any miscalculation or misdescription or where the award is otherwise imperfect in a matter of form not affecting the merits of the award.

Marked changes to CBOT Rule 5B.21:

**5B.21. TRADE CANCELLATIONS AND PRICE ADJUSTMENTS ~~ERROR TRADE POLICY~~**

~~In order to balance the adverse effects on market integrity of executing trades and publishing trade information inconsistent with prevailing market conditions while preserving legitimate expectations that executed transactions will not be cancelled, the Globex Control Center ("GCC") may adjust trade prices or cancel (bust) trades in accordance with the procedures detailed in Rule 588 when such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of the electronic trading systems employed by the Exchange or by system defects. ensure fair and orderly market conditions, the Exchange, or designated staff, may cancel a transaction in accordance with the Error Trade Policy detailed in the Interpretations section at the end of this Chapter.~~

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Deletion of CBOT Chapter 5B Interpretations – e-cbot Error Trade Policy, Tick Breakdown per CBOT Product and Example of Autoleg Error:

**~~e-cbot ERROR TRADE POLICY~~**

~~The CBOT's error trade policy is designed to preserve the integrity of CBOT product markets by striking an appropriate balance between trade certainty and erroneous price discovery. The policy provides a mechanism to promptly address transactions that are executed at obviously erroneous prices substantially inconsistent with the last trade price of the contract or alternative determination of the contract's fair value. This policy does not relieve market participants from potential financial responsibility or liability for the execution of trades that are deemed or asserted to be an "error trade" if their actions caused financial loss to other parties.~~

#### **1. Invoking the Error Trade Policy**

If an e-cbot user believes that he executed a trade through e-cbot at a price that was in error, he must contact e-cbot Market Operations ("Market Operations") at (312) 347-4600 without delay. If Market Operations is not notified within five minutes of the execution time of the asserted error trade, the trade will stand. A third party or Market Operations may also call a trade into question within five minutes of the execution. Trades called into question within five minutes will be evaluated in accordance with sections 2 and 3 of this policy. However, Market Operations has the authority, but not the obligation, to consider trades reported after the five minute deadline provided the trade price in question is grossly out of line (i.e. multiple points) with the last trade price or alternatively determined fair value of the respective contract.

Trades resulting from quantity errors generally will not be called into question.

#### **2. Trade Price Within the "No Bust" or "No Adjust" Range"**

If a futures transaction is asserted to be at a price that is in error, the trade shall not be considered for review by Market Operations unless the price of the asserted error trade is greater than the designated number of ticks (as outlined in the "Tick Breakdown per CBOT Product" chart set forth below) from the reference price. The reference price will be the last trade price preceding the entry of the asserted error trade or an alternatively determined fair value for the contract. Fair value for futures contracts may be determined by the last trade price, preceding settlement price, spread relationships and/or other variables deemed relevant by Market Operations. However, during side-by-side hours the reference price on a downside (upside) move will never be higher (lower) than the low (high) of the pit traded price for an equivalent contract during the time period that the prices of the contracts were disjointed. During non-side-by-side hours, the reference price will never be higher (lower) than the low (high) of an equivalently traded contract.

If Market Operations contacts a member user regarding a suspicious order and the user states that the order is entered correctly, the order (if subsequently executed) may only be called into question by a third party.

Trades that are executed outside of the daily price limits will be busted by Market Operations irrespective of whether the trade(s) falls within the "no bust range" established above.

#### **3. Trade Price Outside of the "No Bust" or "No Adjust" Range"**

If the price of the asserted error trade is more than the specified number of ticks from the reference price, Market Operations will send a broadcast message to the user community indicating that the trade has been called into question. If the asserted error trade is outside of the specified tick range and involves only two parties, Market Operations will attempt to contact the parties to the transaction. If both parties agree to bust or re-price the transaction, Market Operations shall send a broadcast message to the user community and an alert to the quote vendor network indicating that the trade was busted or re-priced.

If there is more than one contra-party to the order asserted to have been executed in error, Market Operations will gauge the erroneous transactions against the error trade range to determine the final status of the trades.

#### **4. Market Operations Authority to Halt Markets**

Market Operations shall have the authority to halt markets in any contract during extraordinary circumstances where there has been a major market movement without any apparent economic or fundamental basis for movement to have occurred.

#### **5. Decisions of Market Operations**

A. Market Operations will review the circumstances surrounding an asserted error trade to determine whether it should be deemed an error trade and whether it should be busted or repriced. If the trade is repriced to a level that is below a sell limit price or above a buy limit price, the customer cannot reject the trade. Similarly, if the trade is repriced to a level that is higher/lower than the trigger price of the sell/buy stop order, the customer cannot reject the trade. The trade will be cleared at the repriced level and allocated to the customer's account. Parties to these transactions are permitted to make cash adjustments to settle losses that occur as a result of an asserted error trade or an actual error trade. Should parties to a disputed transaction be unable to mutually resolve financial disputes

arising from such transactions, arbitration facilities are available through the Exchange. The Arbitration Committee may hold the party who entered the order that resulted in an asserted error trade or an actual error trade financially responsible for losses that occur as a result of the busted or repriced trade(s).

Trade certainty and the timely resolution of asserted error trades are critical objectives of this policy. Therefore, if parties to a disputed transaction do not agree to the terms of resolution, Market Operations reserves the final authority to determine the disposition of the questioned transaction.

During side-by-side trading hours, Market Operations shall, unless impracticable, make its determination within 10 minutes of the broadcast message regarding the asserted error trade. During non side-by-side trading hours, Market Operations shall, unless impracticable, make its determination within 15 minutes of the broadcast message regarding the asserted error trade. The decisions of Market Operations shall be final, and Market Operations shall send a broadcast message and an alert to the quote vendor network indicating whether the trade was busted, re-priced or allowed to stand.

B. In making its determination, Market Operations may consider relevant factors including, but not limited to: market conditions immediately before and after the transaction; the prices of related contracts; whether one or more parties to the trade believe the trade was executed at a valid price; the extent to which the transaction appeared to trigger contingency orders and other trades; information related to the Market Operations by third parties.

#### **6. Procedures for Correcting Error Trades**

In the event a trade is busted or repriced, the parties to the transaction must reverse the transaction through applicable clearing house procedures. Market Operations will notify the Market Regulation Department regarding any situation where a party fails to claim or misclear trades in a timely manner. Such failure may be deemed an act detrimental to the interest or welfare of the Exchange.

Under no circumstances shall the parties to an asserted error trade be permitted to reverse the error by entering into a prearranged transaction.

If the asserted error trade is determined not to be an actual error trade, the parties to the trade are permitted to mutually agree upon a cash adjustment or to arbitrate the matter. Any cash adjustment must be reported to Market Operations.

#### **7. Spreads**

Because of the autoleg feature of the e-cbot system, spreads may be executed such that one leg of the spread is determined to be an error trade and the other leg is deemed to have been executed at a good price. In such circumstances, the party who enters an outright order that causes an error trade on an autolegged spread will be deemed to be the counterparty to the good leg of the spread (see the "Example of Autoleg Error" set forth below). The parties to the transactions will reverse and claim the transactions as indicated through the applicable clearing house procedures.

#### **8. Determination of Option Error Trades**

If an option trade is asserted to be at a price that is in error, the trade shall not be considered for review by Market Operations unless the price of the asserted error trade conforms to the following guidelines:

Market Operations will identify potential error trades by one of two means:

1. Notification by market participants within five minutes of the execution time of the asserted error trade.
2. Determination that the price of an option or option strategy is greater than the designated number of ticks (as outlined in Table 1) from fair value.

Table 1:

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Products	Error Alert Range
U.S. Treasury	3-ticks
30-Day Fed Funds	6-ticks
CBOT-Dow & mini-sized Dow	10-ticks
Commodity	6-ticks

#### **Determining Average Bid and Offer**

Market Operations will calculate a bid price or an offer price in order to determine whether the potential error trade should be considered an error. If the trade is determined to be an error trade, Market Operations will also use the bid or offer price to determine the price adjustment of the error trade.

Market Operations will determine the bid or the offer of an option or an option strategy by using as many as four procedures:

1. Market Operations will observe the bid and the offer prices prior to the potential error occurring.
2. Market Operations will submit RFQs using delta neutral strategies with futures at the same level prior to the execution of the potential error.
3. Market Operations will attempt to contact at least three market makers that were not involved in the potential error trade in order to determine their bids and offers prior to the potential error occurring.
4. During regular trading hours (which are defined as the hours of open auction), Market Operations may also obtain bid and offer prices from the open auction platform using delta neutral strategies with futures at the same level prior to the execution of the potential error.

Market Operations will determine the average bid or offer price based upon the size of the error trade and the market depth. The average price will be calculated by:

1. Determining the true average (weighted average) bid or offer price.
2. Rounding the true average to the nearest tick value, up for buy orders and down for sell orders.

If the depth of the market in response to the first RFQ is less than the size of the order, Market Operations will submit a second RFQ for the size of the error trade. Market Operations will calculate the average bid or offer price based upon the size of the error trade. If the depth of the response to the second RFQ is less than the size of the trade, Market Operations will calculate an average bid or offer based upon the depth of the market.

#### **Identifying an Option Error Trade**

Market Operations will consider an option trade an error if it determines that:

1. The trade has been executed at a price at least two ticks below the determined bid price in the case of a sell error, or
2. The trade has been executed at a price at least two ticks above the determined offer price in the case of a buy error.

#### **Determining an Adjustment for Option Error Trades**

-All option error trades will be resolved by price adjustment and may not be resolved by busting the disputed transactions. The adjusted price of an option error trade will be a price one tick less than the determined bid price in the case of a sell error or one tick greater than the determined offer price in the case of a buy error.

#### **~~9. Determination of Error Trades in the Metals Futures Complex~~**

-Market Operations will identify potential error trades by one of two means:

- 1. Notification by market participants within five minutes of the execution time of the asserted error trade.
- 2. Determination that the price of the futures trade is greater than the designated number of ticks ("No Adjust Range") from the reference price as outlined in the "Tick Breakdown per CBOT Product" chart set forth below.

#### **~~Determining Reference Price in the Metals Futures Complex~~**

-For sell/buy errors in the Metals Complex, Market Operations will identify the low/high for the equivalent contract for the time period that the markets were disjointed and use that value as the reference price. If the trade is determined to be an error trade, Market Operations will also use the reference price to determine the price adjustment of the error trade.

#### **~~Identifying an Error Trade in the Metals Futures Complex~~**

-Market Operations may determine that a metals futures trade is an error if the trade has been executed at a price more than \$4 away from the relevant reference price for the Gold Complex and more than 8¢ away from the relevant reference price for the Silver Complex.

#### **~~Determining an Adjustment for Error Trades in the Metals Futures Complex~~**

-All error trades in the Metals futures complex will be resolved by adjusting the price of the error trade in accordance with the following:

-Gold: \$4 less than the determined reference price in the case of a sell error or \$4 greater than the determined reference price in the case of a buy error.

-Silver: 8¢ less than the determined reference price in the case of a sell error or 8¢ greater than the determined reference price in the case of a buy error.

-No trades shall be busted.

#### **~~10. Determination of Error Trades in Agricultural Futures Complex~~**

-Market Operations will identify potential error trades in agricultural futures by one of two means:

- 1. Notification by market participants within five minutes of the execution time of the asserted error trade;
- 2. Determination that the price of the futures trade is greater than the designated number of ticks ("No Adjust Range") from the reference price as outlined in the "Tick Breakdown per CBOT Product" chart set forth below.

#### **~~Determining Reference Prices in the Agricultural Futures Complex~~**

-During side-by-side hours, the reference price on a downside (upside) move will never be higher (lower) than the low (high) of the pit traded price for an equivalent contract during the time period that the prices of the contracts were disjointed. If the trade is determined to be an error trade, Market Operations will also use the reference price to determine the price adjustment of the error trade.

-During non side-by-side hours, the reference price will be the last trade price preceding the entry of the asserted error trade or an alternatively determined fair value for the contract. Fair value for futures contracts may be determined by the last trade price, preceding settlement price, spread relationships and/or other variables deemed relevant by Market Operations.



#### Identifying an Error Trade in the Agricultural Futures Complex

Market Operations will identify error trades by determining that the price of the futures trade is greater than the designated number of ticks ("No Adjust Range") from the reference price as outlined in the "Tick Breakdown per CBOT Product" chart set forth below.

#### Determining an Adjustment for Agricultural Futures Complex Error Trades

All error trades in the agricultural futures complex will be resolved by adjusting the price of the error trade based on the reference price and the "Price Adjustment Level" set forth in the "Tick Breakdown per CBOT Product" chart set forth below.

No trades shall be busted.

#### 11. Arbitration Procedures

For CBOT arbitrations involving actual error trades or asserted error trades, a notice of intention to arbitrate must be filed within ten business days after the date of the error trade. The party who caused the error may be held responsible for realized losses incurred by parties as a result of the error.

#### 12. Error Trade Fees

The party responsible for the error must pay a \$1,000 fee for each of the first two error trades, \$3,000 for the 3<sup>rd</sup> error trade, and \$5,000 for each subsequent error trade within a calendar year. (08/01/06)

#### TICK BREAKDOWN PER CBOT PRODUCT

Product	Symbol	Minimum Tick Increment	"No Bust Range"	Tick Increment of "No Bust Range"	Dynamic Price Limits	Daily Price Limit
U.S. T-Bond	ZB	1/32	3 points	96 ticks	30/32nds	N/A
U.S. T-Bond Options	OZB	1/64	N/A	N/A	20/64ths	N/A
10 Yr. T Note	ZN	(1/2)/32	3 points	192 ticks	15/32nds	N/A
10 Yr. T Note Options	OZN	1/64	N/A	N/A	20/64ths	N/A
5 Yr. T Note	ZF	(1/2)/32	3 points	192 ticks	15/32nds	N/A
5 Yr. T Note Options	OZF	1/64	N/A	N/A	20/64ths	N/A
2 Yr. T Note	ZT	(1/4)/32	3 points	384 ticks	7.5/32nds	N/A
2 Yr. T Note Options	OZT	(1/2)/64	N/A	N/A	10/64ths	N/A
30-Day Fed Funds	ZQ	1/2 Basis Point	10 Points	20 ticks	10 points	N/A
30-Day Fed Funds	OZQ	1/4 Basis Point	N/A	N/A	5 points	N/A

Options						
Binary Fed Funds Options	BUS	1-point	N/A	N/A	N/A	N/A
30-Yr. Interest Rate Swaps	QS	(1/2) 1/32	10/32nds	20-ticks	10/32nds	N/A
10-Yr. Interest Rate Swaps	SR	(1/2) 1/32	10/32nds	20-ticks	10/32nds	N/A
10-Yr. Interest Rate Swaps Options	OSR	1/64	N/A	N/A	20/64ths	N/A
5-Yr. Interest Rate Swaps	SA	(1/2)/32	10/32nds	20-ticks	10/32nds	N/A
5-Yr. Interest Rate Swaps Options	OSA	1/64	N/A	N/A	20/64ths	N/A
Credit Default Swap Index	CX	0.01 Points	1-Point	100-ticks	1-Point	N/A
Dow-AIG-ER Commodity Index	ER	0.1 Points	4 Points	40-ticks	4-points	N/A
DJIA (\$10)	ZD	1-Point	250-Points	250-Points	40-points	10%, 20% and 30% Circuit Breakers
DJIA Options	OZD	1/2 Point	N/A	N/A	20-points	10%, 20% and 30% Circuit Breakers
mini-sized Dow (\$5)	YM	1-Point	250-Points	250-Points	40-points	10%, 20% and 30% Circuit Breakers
mini-sized Dow Options	OYM	1-Point	N/A	N/A	40-points	10%, 20% and 30% Circuit Breakers
DJIA (\$25)	DD	1-Point	250-Points	250-Points	40-points	10%, 20% and 30% Circuit Breakers

Dow Jones US Real Estate Index	RE	0.1 point	4 points	40 ticks	4 points	10%, 20% and 30% Circuit Breakers
mini-sized Eurodollar	YE	½ basis point	5 points	10 ticks	5 points	N/A
100-oz. Gold Options	OZG	10 cents	N/A	N/A	\$2.00	N/A
5,000-oz. Silver Options	OZI	1/10 cent	N/A	N/A	4 cents	N/A

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Product	Symbol	Minimum Tick Increment	"No Adjust Range"	Tick Increment of "No Adjust Range"	Price Adjustment Level	Dynamic Price Limits (Overnight & 8:30 a.m. – 9:45 a.m.)	Dynamic Price Limits (Post 9:45 a.m.)	Dynamic Price Limits (spreads)	Daily Price Limit
100-oz. Gold	ZG	10 cents	\$4.00	40 ticks	Reference price plus/minus 40 ticks	\$4.00	N/A	\$4.00	N/A
mini-sized Gold	YG	10 cents	\$4.00	40 ticks	Reference price plus/minus 40 ticks	\$4.00	N/A	\$4.00	N/A
5,000-oz. Silver	ZI	1/10 cent	8 cents	80 ticks	Reference price plus/minus 80 ticks	8 cents	N/A	8 cents	N/A
mini-sized Silver	YI	1/10 cent	8 cents	80 ticks	Reference price plus/minus 80 ticks	8 cents	N/A	8 cents	N/A
Ethanol	ZE	1/10 cent	8 cents	80 ticks	Reference price plus/minus 40 ticks	16 cents	12 cents	6 cents	30 cents
Ethanol Options	OZE	1/10 cent	N/A	N/A	1 tick below bid/1	20 cents	20 cents	20 cents	30 cents

					tick above offer				
Corn	ZC	¼-cent	10-cents	40-ticks	Reference price plus/minus 20 ticks	10-cents	5-cents	2 ½-cents	20 cents
Corn Options	OZC	1/8-cent	N/A	N/A	1-tick below bid/1 tick above offer	2½-cents	2½-cents	2½-cents	20 cents
mini-sized Corn	XC	1/8-cent	10-cents	80-ticks	Reference price plus/minus 80 ticks	10-cents	N/A	2 ½-cents	20 cents
Wheat	ZW	¼-cent	10-cents	40-ticks	Reference price plus/minus 20 ticks	10-cents	5-cents	2 ½-cents	30 cents
Wheat Options	OZW	1/8-cent	N/A	N/A	1-tick below bid/1 tick above offer	2½-cents	2½-cents	2½-cents	30 cents
mini-sized Wheat	XW	1/8-cent	10-cents	80-ticks	Reference price plus/minus 80 ticks	10-cents	N/A	2 ½-cents	30 cents
Oat	ZO	¼-cent	10-cents	40-ticks	Reference price plus/minus 40 ticks	10-cents	10-cents	10-cents	20 cents
Oat Options	OZO	1/8-cent	N/A	N/A	1-tick below bid/1 tick above offer	2½-cents	2½-cents	2½-cents	20 cents

Product	Symbol	Minimum Tick Increment	“No Adjust Range”	Tick Increment of “No Adjust Range”	Price Adjustment Level	Dynamic Price Limits (Overnight & 8:30a.m. – 9:45 a.m.)	Dynamic Price Limits (Post 9:45 a.m.)	Dynamic Price Limits (spreads)	Daily Price Limit
Rough Rice	ZR	¼-cent	20 cents	40-ticks	Reference price plus/minus 40-ticks	20-cents	20-cents	20-cents	50 cents
Rough Rice Options	OZR	¼-cent	N/A	N/A	1-tick below bid/1 tick above offer	5-cents	5-cents	5-cents	50 cents

South American Soybeans	ZK	¼-cent	20 cents	80-ticks	Reference price plus/minus 40-ticks	20-cents	10-cents	5-cents	50 cents
Soybeans	ZS	¼-cent	10 cents	40-ticks	Reference price plus/minus 20-ticks	20-cents	10-cents	5-cents	50 cents
Soybean Options	OZS	1/8-cent	N/A	N/A	1-tick below bid/1 tick above offer	5-cents	5-cents	5-cents	50 cents
mini-sized Soybeans	XB	1/8-cent	10 cents	80-ticks	Reference price plus/minus 80-ticks	10-cents	N/A	5-cents	50 cents
Soybean Meal	ZM	10-cents	\$8.00	80-ticks	Reference price plus/minus 40-ticks	\$8.00	\$4.00	\$2.00	\$20
Soybean Meal Options	OZM	5-cents	N/A	N/A	1-tick below bid/1 tick above offer	\$2.00	\$2.00	\$2.00	\$20
Soybean Oil	ZL	1/100-cents	.80 cents	80-ticks	Reference price plus/minus 40-ticks	.80-cents	.40-cents	.20-cents	2 cents
Soybean Oil Options	OZL	5/1000 cents	N/A	N/A	1-tick below bid/1 tick above offer	.20-cents	.20-cents	.20-cents	2 cents

-Market Operations reserves the right to modify the dynamic price limits during periods of high volatility. Market Operations will send a system message whenever dynamic price limits are modified. (06/25/07)

#### EXAMPLE OF AUTOLEG ERROR

Trader "A" has a spread order in the book to buy June Bonds and sell September Bonds. (Please note that when you enter a spread order into the system, it assigns prices to the individual legs and the order is included in the outright order books.)

Trader "B" has an order to sell June Bonds.

-Trader "C" makes an error by entering a bid in the September contract (he intended to bid June). Trader C's bid for September matches against Trader A's sell September portion of the spread, which triggers Trader A's buy June portion of the spread to match against Trader B's sell June order.

-The September trade between Trader C and Trader A is determined to be an error trade. The June trade between A and B is executed at an economically justifiable price.

-The September leg is determined to be an error trade and is busted. Trader C is then required to claim the June leg executed for Trader A.

Summary

June Bonds		Sep Bonds	
Buy	Sell	Buy	Sell
A	B	C	A

Trader C is cause of error

Trader A vs. B = good price

Trader A vs. C = bad price

Trader A vs. C leg is determined to be an error trade and is busted

Trader A vs. B leg is reversed and Trader C is required to claim the trade so that Trader B is not harmed. (11/01/03)

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Clean Version of CME & CBOT Rules 588 and 622:

## 588. TRADE CANCELLATIONS AND PRICE ADJUSTMENTS

### 588.A. Globex Control Center Trade Cancellation Authority

The following policy shall be applied to balance the adverse effects on market integrity of executing trades and publishing trade information inconsistent with prevailing market conditions while preserving legitimate expectations that executed transactions will not be cancelled. The Exchange's trade cancellation policy authorizes the Globex Control Center ("GCC") to adjust trade prices or cancel (bust) trades when such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of the electronic trading system or by system defects. Notwithstanding any other provisions of this rule, the GCC may adjust trade prices or cancel any trade if the GCC determines that allowing the trade to stand as executed may have a material, adverse effect on the integrity of the market. The decision of the GCC shall be final.

### 588.B. Review of Trades

The GCC may review a trade based on its analysis of market conditions or a request for review by a user of the electronic trading system. A request for review must be made within eight minutes of the execution of the trade. The GCC shall promptly determine whether the trade will be subject to review, and upon deciding to review a trade, the GCC will promptly issue an alert indicating that the trade is under review.

In the case of illiquid contracts, the GCC may initiate a review up to one hour after the execution of the trade, and has the authority, but not the obligation, to review trades reported more than one hour following execution if it determines that the trade price was egregiously out of line with fair value.

### 588.C. Trade Price Adjustment and Cancellation Process

The GCC will first determine whether the trade price is within the No Bust Range for futures or within the Bid/Ask Reasonability Allowance for options, as described in Section K. The Bid/Ask Reasonability Allowance for an option is the maximum width of the bid/ask range which will be considered reasonable for use in applying the parameters necessary to establish the no bust range for the option. During fast market conditions, upon the release of significant news, or in other circumstances in which the GCC determines it is appropriate, the GCC may, without prior notice, temporarily double the published No Bust Range or Bid/Ask Reasonability Allowance.

In applying the No Bust Range, the GCC shall determine the actual or implied market price for that contract immediately before the trade under review. The GCC may consider any relevant information, including, but not limited to, the existing market conditions, the volatility of the market, the prices of related instruments in other markets, the last trade price on the electronic trading system, a better bid or offer price, a more recent price in a different contract month, the price of the same or related contract established in open outcry trading, theoretical value of an option based on the most recent implied volatility, responses to RFQs, and any other factors that the GCC deems relevant.

1. Trade Price Inside the No Bust Range

If the GCC determines that the price of the trade was inside the No Bust Range, the GCC will promptly issue an alert indicating that the trade shall stand.

2. Trade Price Outside the No Bust Range

a. Implied-Eligible Futures Contracts

If the GCC determines that a trade price is outside the applicable No Bust Range for an implied-eligible contract, the trade price shall be adjusted to a price that equals the actual or implied market price for that contract at the time of the questioned trade, plus or minus the standard or doubled No Bust Range, as applicable. In the event there are multiple parties, prices and/or contracts involved in the transactions at issue, the GCC has the authority, but not the obligation, to bust rather than price adjust such transactions. The GCC will promptly issue an alert indicating that the prices of the trades outside the No Bust Range have been adjusted to the No Bust Range limit or have been busted.

b. All Other Futures Contracts

If the GCC determines that the trade price is outside the No Bust Range for a non-implied-eligible futures contract, the GCC shall bust the trade. The GCC will promptly issue an alert indicating that trades outside the No Bust Range have been busted.

c. Option Contracts

If the GCC determines that a trade price is outside the applicable No Bust Range for an option contract, the trade price shall be adjusted. In the case of a buy error, the price will be adjusted to the determined ask price plus the applicable no bust parameter. In the case of a sell error, the price will be adjusted to the determined bid price minus the applicable no bust parameter. In the event there are multiple parties, prices and/or contracts involved in the transactions at issue, the GCC has the authority, but not the obligation, to bust rather than price adjust such transactions. The GCC will promptly issue an alert indicating that the prices of the trades outside the No Bust Range have been adjusted to the No Bust Range limit or have been busted.

d. Notwithstanding the above, trades consummated pursuant to Rule 585 that are determined by the GCC to be outside the No Bust Range will stand, and a reciprocal trade negating the original trade will be consummated by means of a "type 8 transfer."

3. Liability for Losses Resulting from a Price Adjustment or Trade Bust

A party responsible for entering an order that results in a trade price adjustment shall not be liable for losses incurred by persons whose trade prices were adjusted, except as provided in 3.a., 3.b. and 3.c. below.

a. Implied Eligible Contracts – Price Adjusted Stop Orders

A party responsible for an order(s) that results in a trade price adjustment shall be liable for actual losses incurred by persons whose stop orders were elected as a result of the order(s). The compensable loss on each futures contract executed as part of a stop order shall be the difference between the adjusted price, as determined by the GCC, and the price in the market at the time the person knew or should have known that his stop order was erroneously elected.

b. Implied Eligible Contracts – Price Adjusted Spread Trades

A party responsible for an order that results in a trade price adjustment shall not be liable to persons whose spread orders were executed and adjusted unless the adjusted execution price

of the spread is less favorable than the market equilibrium price for the relevant spread. The liability of the party responsible for an order that results in a price adjustment shall be limited to the difference between the adjusted price and the equilibrium market price, but shall not exceed the relevant No Bust Range.

c. Option Contracts – Price Adjusted Trades

A party responsible for an order that results in a trade price adjustment shall not be liable to persons whose option orders were executed and adjusted unless the adjusted execution price of the option is less favorable than the market equilibrium price for the relevant option. The liability of the party responsible for an order that results in a price adjustment shall be limited to the difference between the adjusted price and the market equilibrium price, but shall not exceed the relevant No Bust Range.

d. Busted Trades

A party responsible for an order that results in a trade bust may be liable for the reasonable out-of-pocket losses incurred by persons whose trades were busted or persons whose stop orders were elected and not busted. Issues of liability in such cases will be determined based upon all relevant facts and circumstances, including the conduct of the respective parties.

**588.D. Claim Process**

A claim for a loss pursuant to Sections C.3.a., b. and c. must be submitted to the Exchange, on an Exchange claim form, within five business days of the event giving rise to the claim. The Exchange shall reject any claim that is not permitted by Sections C.3.a., b. or c. and such decision shall be final. All claims, which are not rejected by the Exchange, shall be forwarded to the party responsible for the order(s) that resulted in a trade bust or a price adjustment and to the clearing member through which the trade was placed. Such party, or the clearing member on behalf of the party, shall, within ten business days of receipt of the claim, admit or deny responsibility in whole or in part. The liability for losses for a single incident shall be limited to \$500,000.

To the extent that liability is admitted, payment shall be made within ten business days. If liability is admitted but the total claims exceed \$500,000, the claims shall be reduced pro rata so that the total payment does not exceed \$500,000. To the extent that liability is denied, the claims shall be submitted to arbitration in accordance with Rule 622.

A claim for a loss pursuant to Section C.3.d. must be pursued under the applicable arbitration rules of Chapter 6.

**588.E. Trade Cancellation or Offset Procedures**

Upon a determination by the GCC that a trade shall be busted or that trade prices shall be adjusted, that decision will be implemented. The busted trade price and any price quotes that have been adjusted will be reflected as cancelled in the Exchange's official record of time and sales. Time and sales will reflect the trades at the adjusted price.

If the trade is not busted, the parties to the transaction cannot reverse the transaction by using a "type 8 transfer" except as provided in Section C.2.d. and Section F. Additionally, if the trade is not busted, the parties may not reverse the trade by entering into a prearranged offsetting transaction unless such transactions are permitted and effected in accordance with Rule 539.C.

**588.F. "Type 8 Transfers"**

Positions that result from a trade determined by the GCC to be outside the No Bust Range that cannot be busted because the trade was not reported within eight minutes of the execution of the trade may be transferred between the parties using a "type 8 transfer" upon agreement of the parties. The transfer must use the original trade price and quantity. Any party may, but is not required to, include a cash adjustment to another party to the trade. Trades determined by the GCC to be inside the No Bust Range may not be reversed using a "type 8 transfer."

**588.G. Arbitration of Disputes Regarding "Type 8 Transfers"**

If a party does not agree to transfer a position pursuant to Section F., any other party to the trade may file an arbitration claim against the member or clearing member representing the other side of the trade.



Written notice of such claim must be provided to the Exchange within five business days of the execution of the trade. Failure to file the claim within five business days shall be deemed a waiver of all claims. The arbitration claim will be dismissed by the Exchange if the owner of the account on the other side of the trade is not deemed a Member as defined in Rule 400 or a person otherwise subject to the Exchange's jurisdiction. If not dismissed, the arbitration claim will be conducted in accordance with Rule 622.

In deciding the claim, the Arbitration Committee may consider, among other factors, the reasonableness of the actions taken by each party and what action the party on the other side of the error trade took before being notified that the trade was being questioned.

**588.H. Voluntary Adjustment of Trade Price**

When a trade outside of the No Bust Range is busted in accordance with this rule, the parties to the trade may agree voluntarily to reestablish the trade but to adjust its price and make a cash adjustment provided that all of the following conditions are met:

1. The GCC approves the adjustment.
2. The quantity of the position being reestablished is the same as the quantity of the trade that was busted.
3. In the case of a trade below the actual or implied market price, the adjusted price must be the lowest price that traded at or about the time of the trade without being busted. In the case of a trade above the actual or implied market price, the adjusted price must be the highest price that traded at or about the time of the trade without being busted.
4. The parties to the adjusted trade must report it to the clearing system using a "type 8 transfer" with a "G" transfer code not later than the close of business on the business day after the trade occurred.

**588.I. Busting Trades After System Freeze**

In the event that the matching engine freezes with live orders in the queue waiting to be matched, such orders may be matched when the system is unfrozen before the GCC can halt the matching engine. The GCC is authorized to bust trades resulting from such matches if the price of such trades is outside of the No Bust Range at the time that a confirmation of the trades was sent.

**588.J. Schedule of Administrative Fees**

When GCC busts a trade, the party responsible for entering the order into the electronic trading system that gave rise to the trade bust shall pay an administrative fee to the Exchange in accordance with the following schedule. The fee is \$250 for each of the first five occasions in a calendar year where a party's order entry results in a trade bust, \$500 for each of the next three occasions within the same calendar year where a party's order entry results in a trade bust, and \$1,000 for each subsequent occasion within the same calendar year where a party's order entry results in a trade bust.

If a non-member customer responsible for entering an order that results in a trade bust fails to pay the fee in accordance with this section, the clearing member carrying the customer's account shall be responsible for payment of the fee.

**588.K. No Bust Ranges**

<u>Futures Contract</u>	<u>No Bust Range</u>
Eurodollar, E-mini Eurodollar and LIBOR	2.5 basis points
U.S. T-Bond	30/32nds
10 Yr. T-Note	30/32nds
5 Yr. T-Note	15/32nds
2 Yr. T-Note	15/32nds
30-Day Fed Funds	5 basis points
Interest Rate Swaps (30 Yr., 10 Yr., and 5 Yr.)	10/32nds
Credit Default Swap Index	1 point
E-mini Eurodollar Bundle	2.5 basis points
Euroyen	2.5 basis points
T-Bills	5 basis points
Swaps	5 basis points
CME Lehman Brothers U.S. Aggregate Index	2.00 index points
Eurozone HICP Futures	25 basis points
Currency Futures (except British pound and Mexican Peso)	20 ticks
British Pound Futures and Mexican Peso Futures	30 ticks
Spot FX	20 pips
S&P 500 and E-mini S&P 500	6.00 index points
DJIA (\$5, \$10, \$25)	60 index points
S&P Citigroup Growth	4.00 index points
S&P Citigroup Value	4.00 index points
S&P Midcap 400 and E-mini S&P Midcap 400	4.00 index points
S&P Smallcap 600 and E-mini S&P Smallcap 600	4.00 index points
E-Mini S&P Asia 50	12.00 index points
E-Mini MSCI EAFE	12.00 index points
E-Mini MSCI Emerging Markets	12.00 index points
S&P 500 Depository Receipts	0.60 index points
Russell 2000 and E-mini Russell 2000	4.00 index points
iShares Russell 2000	0.40 index points
Nasdaq-100 and E-mini Nasdaq-100	12.00 index points
E-mini Nasdaq Composite	12.00 index points
E-mini Nasdaq Biotechnology	12.00 index points
Nasdaq-100 Index Tracking Stock	0.30 index points
Nikkei 225 (\$ and ¥)	60.00 index points
FTSE / Xinhua China 25	100 index points
S&P 500 Technology SPCTR	3.00 index points
S&P 500 Financial SPCTR	3.00 index points
Kansas City Value Line	40 index points
Housing Futures	2.00 index points
Dow Jones US Real Estate Index	4 points
TRAKRS Futures	25 cents
Goldman Sachs Commodity Index	2.50 index points
CME Weather	25.00 index points
Weekly Average Temperature Index	1 degree
CME Snowfall	50 ticks or 5 inches
Carvill Hurricane Index	0.50 index points

<u>Futures Contract</u>	<u>No Bust Range</u>
Carvill Hurricane Index Seasonal	0.50 index points
Carvill Hurricane Index Seasonal Maximum	0.50 index points
Credit Index Event Futures	10 basis points
Corn & Mini-sized Corn	10 cents per bushel
Wheat & Mini-sized Wheat	10 cents per bushel
Soybeans & Mini-sized Soybeans	10 cents per bushel
Oats	10 cents per bushel
Rough Rice	20 cents per hundredweight
Soybean Meal	\$8.00 per ton
Soybean Oil	.80 cents per pound
South American Soybeans	20 cents per bushel
Lean Hogs	\$0.0050 per pound
Live Cattle	\$0.0050 per pound
Feeder Cattle	\$0.0050 per pound
Pork Bellies	\$0.0050 per pound
Dow AIG-ER Commodity Index	4 Points
Milk	\$0.20 per cwt.
Dry Milk	\$0.00750
Butter (Cash-Settled)	\$0.0075 per pound
Dry Whey	\$0.00750
Softwood Pulp	\$15.00 per ton
Ethanol	4 cents per gallon
CBOT 100 oz. Gold and mini-sized Gold	\$4.00 per ounce
CBOT 5,000 oz. Silver and mini-sized Silver	\$0.10 per ounce
Kansas City Hard Red Winter Wheat	10 cents per bushel
Minneapolis Hard Red Spring Wheat	10 cents per bushel
Minneapolis National Corn Index	10 cents per bushel
Minneapolis National Soybean Index	10 cents per bushel
Minneapolis Hard Red Spring Wheat Index	10 cents per bushel
Minneapolis Hard Red Winter Wheat Index	10 cents per bushel
Minneapolis Soft Red Winter Wheat Index	10 cents per bushel
NYMEX Crude Oil and NYMEX miNY Crude Oil	\$0.25
NYMEX Brent	\$0.25
NYMEX REBCO	\$0.25
NYMEX 3-2-1 PLUS	\$0.25
NYMEX Heating Oil and NYMEX miNY Heating Oil	\$0.01
NYMEX Gulf Coast ULSD	\$0.01
NYMEX New York ULSD	\$0.01
NYMEX Gulf Coast Gasoline	\$0.01
NYMEX Singapore 380 Fuel Oil	\$2.00
NYMEX RBOB Gasoline and NYMEX miNY RBOB Gasoline	\$0.01
NYMEX Natural Gas and NYMEX miNY Natural Gas	\$0.05
NYMEX Natural Gas (last-day) futures	\$0.05
NYMEX Propane	\$0.01
NYMEX Uranium	\$2.50
NYMEX Ardour Global Index	12.5 index points
COMEX Gold and miNY Gold	\$4.00
COMEX Asian Gold	\$0.40

<u>Futures Contract</u>	<u>No Bust Range</u>
COMEX Silver and miNY Silver	\$0.10
NYMEX Platinum	\$10.00
NYMEX Asian Platinum	\$0.40
NYMEX Palladium	\$5.00
NYMEX Asian Palladium	\$0.40
COMEX Copper and miNY Copper	\$0.02
COMEX London Copper Grade A	\$40.00
COMEX Aluminum	\$0.01
COMEX London Primary Aluminum	\$40.00
COMEX London SHG Zinc	\$40.00
NYMEX Cocoa	\$40.00
NYMEX Coffee	\$0.01
NYMEX Cotton	\$0.008
NYMEX Sugar 11	\$0.0035
NYMEX CAT Risk	50.00 index points

<u>Futures Combinations</u>	
Eurodollar Combinations & E-mini Eurodollar Bundles	2.5 basis points
Non-Eurodollar, Non-Implied Eligible, Intra-Commodity Futures Spreads	5 ticks
Implied Eligible Inter- and Intra-Commodity Futures Spreads	Same as the no bust range of the individual legs
Inter-Commodity Futures Spreads	The wider of the no bust ranges of the two individual legs

<u>Option Contract</u>	<u>Bid/Ask Reasonability</u>	<u>No Bust Range</u>
Eurodollars	2 basis points	2 minimum ticks
U.S. Treasuries (2, 5, 10 and 30Yr)	4/64ths	20% of premium up to 2/64ths with minimum of 1 tick
30-Day Fed Funds	4 basis points	20% of premium up to 2 basis points with a minimum of 1 tick
Binary Fed Funds	10 ticks	20% of premium from nearest endpoint (0 or 100) stated in positive terms
5Yr and 10Yr Swaps	10/64ths	20% of premium up to 5/64ths with a minimum of 1 tick
Equities (excluding DJIA)	2.00 index points	20% of premium up to 1.00 index point with a minimum of 1 tick
DJIA	10 points	20% of premium up to 5 points with a minimum of 1 tick
FX	8 ticks	20% of premium up to 4 ticks with a minimum of 1 tick
Agricultural (excluding Grains, Oil & Meal)	\$0.01	20% of premium up to \$0.005 with a minimum of 1 tick
Grains	\$0.02	20% of premium up to \$0.01 with a minimum of 1 tick
Soybean Oil	\$0.001	20% of premium up to \$0.0005 with a minimum of 1 tick

Soybean Meal	\$1.00	20% of premium up to \$0.50 with a minimum of 1 tick
Ethanol	\$0.05	20% of premium up to \$0.025 with a minimum of 1 tick
CBOT Gold	\$4.00	20% of premium up to \$2.00 with a minimum of 1 tick
CBOT Silver	\$0.10	20% of premium up to \$0.05 with a minimum of 1 tick
MGEX Options	\$0.01	20% of premium up to \$0.005 with a minimum of 1 tick
KCBT Options	\$0.01	20% of premium up to \$0.005 with a minimum of 1 tick
NYMEX Crude Oil	\$0.25	20% of premium up to \$0.125 with a minimum of 1 tick
NYMEX Heating Oil	\$0.01	20% of premium up to \$0.005 with a minimum of 1 tick
NYMEX RBOB	\$0.01	20% of premium up to \$0.005 with a minimum of 1 tick
NYMEX Natural Gas	\$0.05	20% of premium up to \$0.025 with a minimum of 1 tick
COMEX Gold	\$4.00	20% of premium up to \$2.00 with a minimum of 1 tick
COMEX Silver	\$0.10	20% of premium up to \$0.05 with a minimum of 1 tick
COMEX Copper	\$0.02	20% of premium up to \$0.01 with a minimum of 1 tick

## 622. CLAIMS RELATING TO TRADE CANCELLATIONS OR PRICE ADJUSTMENTS

### 622.A. General

All claims relating to certain price adjustments or trade busts pursuant to Rule 588.C.3.a., b. and c. shall be arbitrated in accordance with the specific requirements of this Rule 622 and, to the extent not inconsistent with such requirements, the rules of this Chapter. All claims pursuant to Rule 588.C.3.d. shall be arbitrated in accordance with the rules of this Chapter.

### 622.B. Initiation of Claim

Any claim for loss under Rule 588.C.3.a., b. or c. must first be submitted to the Exchange as described in Rule 588.D. Following a denial of liability by a party responsible for a trade bust or price adjustment and by the clearing firm through which the trade was placed as described in Rule 588.D., the dispute shall be referred to arbitration. The Exchange shall administer the arbitration and provide notice to all parties.

The party alleged to have made the trade that caused the trade bust or price adjustment and the clearing firm through which that trade was placed both may be respondents in such arbitration. Any party responsible for a trade bust or price adjustment who is not otherwise subject to arbitration under these rules may voluntarily submit to such arbitration by filing a submission agreement with the Exchange within 21 days of that party's receipt of notice of the referral to arbitration. In the absence of the voluntary submission to arbitration by such party, the arbitration shall proceed solely against the clearing firm through which the trade was placed, and that firm shall be liable for any damages awarded by the panel.

**622.C. Selection of Arbitration Panel**

All claims under Rule 588.C.3.a., b. and c. shall be heard by a Mixed Panel as defined in Rule 601.A.3.

**622.D. Related Claims**

All claims arbitrable under this rule that arise out of a trade bust or price adjustment that was caused by the same incident shall, to the extent practicable in the determination of the chairman, be consolidated in a single arbitration.

**622.E. Award**

Within 30 days of completion of the hearing, the panel shall issue a written decision signed by a majority of the arbitrators.

The total award for a single incident shall not exceed \$500,000. Except as provided below, the claims shall be limited to out-of-pocket losses. If the claimants' allowable losses exceed \$500,000, the amount awarded to each claimant shall be reduced pro rata so that the total award does not exceed \$500,000. Any award shall be made jointly and severally against the respondents. In the event the panel finds the respondent(s) liable for the full amount of the claim (or the capped amount of \$500,000), the panel shall also award the claimants their costs and attorneys fees incurred in connection with arbitrating the claim. Punitive damages, loss of profits, loss of use, and indirect, incidental or consequential damages shall not be awarded. The decision of a majority of the panel shall be final and may not be appealed.

A party may move, within three business days of the award, for an order correcting or modifying the award to remedy any miscalculation or misdescription or where the award is otherwise imperfect in a matter of form not affecting the merits of the award.