

Special Executive Report

S-4828

March 9, 2009

Revised Block Trade Minimums, Rules and Reporting Times for CME and CBOT Interest Rate Futures and Options

Effective **March 30, 2009**, CME Group will implement several changes to the Exchange's interest rate futures and options complex in order to modify 1) certain block trade thresholds and create distinct thresholds during Regular Trading Hours (RTH), European Trading Hours (ETH) and Asian Trading Hours (ATH) and 2) reporting time requirements for interest rate block trades.

Block Trades – Minimum Size Requirements

The Exchange has evaluated market depth, distributions of order sizes, and block trades for interest rate futures and options during Regular (07:00 – 16:00 Central Time (CT)), European (00:00 - 07:00 CT), and Asian (16:00 – 00:00 CT) trading hours. Based on this analysis, the Exchanges have concluded that changes to the minimum size requirements for block trades during European and Asian hours are needed to make block minimum thresholds during these time periods consistent with the market liquidity for interest rate products during these hours. The Exchanges will establish separate block minimums for European and Asian hours that are 50% and 25%, respectively, of the block minimums applicable during Regular Trading Hours.

For Regular Trading Hours, block minimums will be increased for Eurodollar options and 2-Year Treasury Note options. Eurodollar options will be increased from 4,000 contracts to 10,000 contracts, and 2-Year Treasury Note options will be increased from 1,500 contracts to 2,000 contracts.

Attachment 1 summarizes the changes to block trade minimum thresholds for CME and CBOT interest rate futures and options that will take effect on March 30, 2009.

In addition, CME Group will make the following changes to harmonize block minimum rules:

- Block trades in intra-commodity calendar spreads in CBOT Interest Rate Swap futures will be prohibited in order to be consistent with the existing prohibition on intra-commodity calendar spreads in CBOT Treasury futures.
- Block trades in inter-commodity futures spreads involving Fed Fund futures may be executed provided that the sum of the legs of the spread meets the larger of the threshold requirements for the underlying products. This requirement is consistent with the block trade minimums in inter-commodity futures spreads for CME short-term interest rate futures.
- Block trades in all interest rate option spreads will have one minimum for each time period with each leg of the spread required to meet the block trade threshold associated with the product with the highest minimum threshold.

Block Trades-Reporting Time Requirements

The Exchange's analysis demonstrates that liquidity during extended hours is significantly less than during Regular Trading Hours. The reduced liquidity during European and Asian hours makes it difficult for market participants to hedge large positions in CBOT interest rate products within the five minutes required to report the trade. As a result, CBOT will extend the reporting time to 15 minutes for block trades in CBOT interest rate products during European and Asian hours. This extension will be consistent with the reporting time for Eurodollar futures and options.

Conversely, the reporting time of 15 minutes during Regular Trading Hours for Eurodollar products is relatively long given the more liquid market conditions during these hours. Consequently, CME will shorten the reporting time for Eurodollar products to five minutes during Regular Trading Hours to make this consistent with CBOT interest rate products.

Block trades may be electronically reported directly to CME Clearing via CME Clearing360 Trade Reporter, available through the CME EOS Trader web-based front end. For additional information on reporting block trades via CME Clearing360 Trade Reporter, please visit <http://cmegroup.com/clearing/trading-practices/cme-clearing360-tradereporter.html> or contact CME Clearing Customer Support at 312.207.2525 or via email at CCS@cmegroup.com. Block trades may also be reported to the Globex Control Center at 312.456.2391.

For information on the regulatory requirements concerning block trades, please see today's release of CME & CBOT Market Regulation Advisory Notice RA0903-3.

Please refer questions on this subject to:

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Attachment 1

Table 1: Current & Revised Block Minimums for Interest Rate Futures			
Product	Regular Trading Hours (RTH) Current / Revised	European Trading Hours (ETH) Current / Revised	Asian Trading Hours (ATH) Current / Revised
Treasury Bond	3,000 / Same	1,500 / Same	1,500 / 750
10-Year Treasury Note	5,000 / Same	2,500 / Same	2,500 / 1,250
5-Year Treasury Note	5,000 / Same	2,500 / Same	2,500 / 1,250
3-Year Treasury Note	5,000 / Same	2,500 / Same	2,500 / 1,250
2-Year Treasury Note	5,000 / Same	2,500 / Same	2,500 / 1,250
Eurodollars (Years 1-5)	4,000 / Same	500 / 2,000	500 / 1,000
Eurodollars (Years 6-10)*	1,000 / Same	500 / Same	500 / 250
Fed Funds	2,000 / Same	1,000 / Same	1,000 / 500
5-, 7-, 10-, 30-Year IR Swap	2,000 / Same	2,000 / 1,000	2,000 / 500
Treasury Bills	100 / Same	100 / 50	100 / 25
Overnight Index Swap (OIS)	2,000 / Same	1,000 / Same	1,000 / 500
OIS-Eurodollar Spread	4,000 / Same	1,000 / 2,000	1,000 / Same
LIBOR	400 / Same	400 / 200	400 / 100
Euroyen	200 / Same	200 / 100	200 / 50
E-Mini Eurodollar Bundles	2,000 / Same	250 / 1,000	250 / 500
E-Mini Eurodollar Futures	40,000 / Same	5,000 / 20,000	5,000 / 10,000

*Provided a minimum of 1,000 contracts are in years 6-10.

Table 2: Current & Revised Block Minimums for Interest Rate Options			
Product	RTH Current / Revised	ETH Current / Revised	ATH Current / Revised
Treasury Bond	7,500 / Same	3,750 / Same	3,750 / 1,875
10-Year Treasury Note	7,500 / Same	3,750 / Same	3,750 / 1,875
5-Year Treasury Note	7,500 / Same	3,750 / Same	3,750 / 1,875
2-Year Treasury Note	1,500 / 2,000	750 / 1,000	750 / 500
Eurodollars	4,000 / 10,000	500 / 5,000	500 / 2,500
Fed Funds	1,500 / Same	750 / Same	750 / 375