

Special Executive Report

S-4829

March 9, 2009

Revised Pre-Execution Communications and Request-for-Cross (RFC) Transactions in CBOT Interest Rate Options Traded on CME Globex

Effective **March 30, 2009**, CME Group will implement changes to CBOT Rule 539 ("Prearranged, Pre-Negotiated and Noncompetitive Trades Prohibited") to allow pre-execution communications in all CBOT interest rate options products trading on CME Globex in a manner consistent with the rules for CME interest rate options. The change is intended to improve liquidity in the electronic CBOT interest rate option markets.

Pre-Execution Communication Requirements Pursuant to Rule 539

Effective March 30, 2009, parties will be able to engage in pre-execution communications with respect to CBOT interest rate options products (including options spreads and combinations and options/futures spreads) trading on CME Globex, subject to the following requirements:

The pre-execution communication must be preceded by the submission of a Request for Quote ("RFQ"). Subsequent to the RFQ, a trade intended for execution for which there has been a pre-execution communication will require the entry of an additional RFQ; thereafter, a Request for Cross ("RFC") order which contains both the buy and the sell orders must be entered no less than 15 seconds and no more than 30 seconds after the entry of the additional RFQ in order to proceed with the trade. The RFQs and the RFC order must be entered within the same trading session. Failure to enter the RFC order within 30 seconds after the entry of the additional RFQ will require a new RFQ to be entered prior to the entry of the RFC order, which must be entered in accordance with the time parameters described above in order to proceed with the trade. For matching algorithm information, please refer to today's release of Market Regulation Advisory Notice CME & CBOT RA0904-3.

Pre-execution communications will remain prohibited in all CBOT futures contracts and all CBOT non-interest rate options contracts. Please view amended CBOT Rule 539 on page two of this notice with additions to the rule underscored and deletions overstruck. This amendment to CBOT Rule 539 will be effective on March 30, 2009.

Please refer questions on this subject to:

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CBOT Rule 539 Amended as of March 30, 2009

539. PREARRANGED, PRE-NEGOTIATED AND NONCOMPETITIVE TRADES PROHIBITED

539.A. General Prohibition

No person shall prearrange or pre-negotiate any purchase or sale or noncompetitively execute any transaction, except in accordance with Sections B. and C. below.

~~539.B. Pre-Execution Communications Regarding Globex Trades Prohibited~~

~~Pre-execution communications are communications between two market participants for the purpose of discerning interest in the execution of a transaction prior to the entry of an order on the Globex platform.~~

~~Pre-execution communications and transactions arising from such communications are prohibited in all products during all hours.~~

539.CB. Exceptions

The foregoing restrictions shall not apply to block trades pursuant to Rule 526 or Exchange of Futures for Related Position transactions pursuant to Rule 538.

539.C. Pre-Execution Communications Regarding Globex Trades in Interest Rate Options

Parties may engage in pre-execution communications with regard to interest rate options transactions executed on the Globex platform where one party wishes to be assured that a contra party will take the opposite side of the order under the following circumstances:

1. A party may not engage in pre-execution communications with other market participants on behalf of another party unless the party for whose benefit the trade is being made has previously consented to permit such communications.
2. Parties to pre-execution communications shall not (i) disclose to a non-party the details of such communications or (ii) enter an order to take advantage of information conveyed during such communications except in accordance with this rule.
3. Reserved.
4. A pre-execution communication must be preceded by the submission of a Request for Quote ("RFQ").

Subsequent to such RFQ, a trade intended for execution for which there has been a pre-execution communication requires the entry of an additional RFQ; thereafter, a Request for Cross ("RFC") order which contains both the buy and the sell orders must be entered no less than fifteen (15) seconds and no more than thirty (30) seconds after the entry of the additional RFQ in order to proceed with the trade. The RFQs and the RFC order must be entered within the same trading session. Failure to enter the RFC order within 30 seconds after the entry of the additional RFQ will require a new RFQ to be entered prior to the entry of the RFC order, which must be entered in accordance with the time parameters described above in order to proceed with the trade.