

Special Executive Report

S-4955

August 3, 2009

MODIFICATION TO NYMEX & COMEX RULE 533

On July 30, 2009, CME Group Special Executive Report S-4946 was issued and described the rule changes being adopted by NYMEX & COMEX on August 17, 2009, in connection with the harmonization of the trade practice rules with those of CME and CBOT.

Concurrent with the adoption of the new rules on August 17, a modification will be made to the text of Rule 533 ("Simultaneous Buys and Sells for Different Beneficial Owners") to clarify that the requirements with respect to reporting cross trades executed in the pit have not changed. The original language in Rule 533 indicated that the member executing the cross trade would be required to complete a form and submit the form to an Exchange official. Because NYMEX and COMEX members identify the trades as cross trades when reporting the trades to Exchange price reporting staff, and staff uniquely identifies the trades as cross trades in the price reporting system, the paper form is unnecessary.

The modifications to Rule 533 are set forth below, with additions underscored and deletions overstruck.

533. SIMULTANEOUS BUY AND SELL ORDERS FOR DIFFERENT BENEFICIAL OWNERS

A member who is in possession of both buy and sell orders for different beneficial owners for the same product and expiration month, and, for a put or call option, the same strike price, may execute such orders for and directly between such beneficial owners provided that in pit trading, a member executing such orders shall first bid and offer by open outcry three times at the same price, stating the number of contracts, and, thereafter, if neither the bid nor the offer is accepted, the orders may be matched in the presence, and with the approval, of a designated Exchange official.

The member making such transactions shall, by appropriate descriptive words or symbols, clearly identify all such transactions on his trading card or other similar record made at the time of the execution. The member executing such trade must ensure that it is reported to Exchange price reporting staff for entry into the Exchange Price Reporting System~~shall complete a form which shows the date, product traded, floor broker, price, quantity, and time of execution. Such form shall be presented to an Exchange official and made a matter of permanent record by the Exchange. Failure to identify the transaction to Exchange price reporting staff as a cross trade~~accurately complete the required form shall constitute a violation of this rule.

On the Globex platform, opposite orders for different beneficial owners that are simultaneously placed by a party with discretion over both accounts may be entered into the Globex platform provided that one order is exposed for a minimum of 5 seconds in the case of futures orders or a minimum of 15 seconds in the case of options orders. An order allowing for price and/or time discretion, if not entered immediately upon receipt, may be knowingly entered opposite another order entered by the same firm only if this other order has been entered immediately upon receipt and has been exposed on the Globex platform for a minimum of 5 seconds for futures orders or a minimum of 15 seconds for options orders.

If you have any questions concerning the amendments, please contact Ronney Rosenberg, Associate Director & Enforcement Counsel, Market Regulation Department, at 212.299.2853.