



Special Executive Report

S-7634

April 12, 2016

Amendments to CME/CBOT/NYMEX/COMEX Rule 588. ("Trade Cancellations and Price Adjustments")

Effective Tuesday, April 26, 2016, and pending all relevant CFTC regulatory review periods, Chicago Mercantile Exchange Inc. ("CME"), The Board of Trade of the City of Chicago, Inc. ("CBOT"), New York Mercantile Exchange, Inc. ("NYMEX") and Commodity Exchange, Inc. ("COMEX") (collectively, the "Exchanges") will adopt amendments to CME/CBOT/NYMEX/COMEX Rule 588. ("Trade Cancellations and Price Adjustments"). More specifically, the Exchanges will amend Subsection 588.G. ("Schedule of Administrative Fees") of Rule 588. to increase the administrative fee for parties responsible for entering an order into the electronic trading system that gave rise to a trade cancellation or price adjustment from \$500 to \$1,000.

In 2009 the Exchanges implemented a \$500 administrative fee to cancel or price adjust erroneous trades on CME Globex. The administrative fee was meant to emphasize the effect that canceled or price adjusted trades may have on market integrity and other market participants.

The Exchanges have seen a steady decrease in the number of erroneous trades canceled or price adjusted since the implementation of the administrative fee. With the growing transition to the electronic platform in options products, trade adjustments and cancellations are more complex than futures cancellations or adjustments. Therefore, to underscore the potentially disruptive effect of trade cancellations and price adjustments, and to emphasize the importance of due diligence with respect to trade entry into CME Globex, the Exchanges will increase the administrative fee from \$500 to \$1,000. Additionally, the Exchanges will update Rule 588.H. Table to include the administrative fee for convenience.

The amendments to each Exchange's Rule 588.G. appear in below, with additions underscored and deletions overstruck.

Questions regarding this Special Executive Report may be directed to the CME Global Command Center at 800.438.8616, in Europe at 44.800.898.013, or in Asia at 65.6532.5010.

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

CME/CBOT/NYMEX/COMEX RULEBOOK

(Additions are underlined; deletions are ~~overstruck~~.)

Chapter 5

Trading Qualifications and Practices

588. TRADE CANCELLATIONS AND PRICE ADJUSTMENTS

[588.A.-F. are unchanged.]

588.G. Schedule of Administrative Fees

When GCC cancels or price adjusts a trade, the party responsible for entering the order into the electronic trading system that gave rise to the trade cancellation or price adjustment shall pay an administrative fee to the Exchange in the amount of \$500~~\$1,000~~ for each such occurrence. If the party is not deemed a Member as defined in Rule 400 and fails to pay the fee, the clearing member through which the trade was placed shall be responsible for payment of the fee. Administrative fees for this Rule are set forth in the Rule 588.H. table.

[The remainder of the Rule is unchanged.]