



Special Executive Report

S-7819

December 12, 2016

Amendments to CME/CBOT/NYMEX/COMEX Rules in Connection with the Elimination of Open Outcry Trading of NYMEX and COMEX Options Products and Transition to the Trading Annex

Effective Tuesday, January 3, 2017, 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 various rules in each Exchange's Rulebook in connection with the December 30, 2016, termination of open outcry trading in NYMEX and COMEX options products, the closure of the NYMEX and COMEX trading floor, and the transition to the Trading Annex on January 3, 2017.

The majority of the amendments eliminate references to open outcry trading from the NYMEX/COMEX Rulebook. Non-material changes to capitalize terms in the rules which are set forth in the Definitions Section of the Rulebook and certain harmonizing changes to defined terms are also being made.

Specific information on certain of the changes is set forth below.

NYMEX and COMEX Rule 405 ("Floor Conduct Committee")

The Rule is being eliminated. Market Regulation will regulate activity in the Trading Annex by members and their employees.

NYMEX and COMEX Rule 409 ("Summary Proceedings Before the Floor Conduct Committee")

As a result of the elimination of the Floor Conduct Committee, this Rule is being modified and will be titled "Conduct Infraction." New Rule 409 will provide the Chief Regulatory Officer or his designee the authority to impose summary fines on members and their employees in the Trading Annex who fail to demonstrate commonly accepted standards of propriety and decorum.

NYMEX and COMEX Rule 501 ("Employees of Members")

The requirement that members register nonmember employees who they wish to have in the Trading Annex is being moved to an Appendix ("Appendix") of the license agreement.

NYMEX and COMEX Rule 513 ("Conduct, Apparel and Badges"), Rule 514 ("Trading Infractions") and the "Access, Conduct and Appearance Code"

Rules 513 and 514 and the Access, Conduct and Appearance Code in the Interpretations & Special Notices Section of Chapter 5 ("Trading Qualifications and Practices") have been eliminated in their entirety in light of the adoption of new Rule 409 (described above).

NYMEX and COMEX Rule 515 ("Registration and Identification of Broker Associations")

Part 156 (Broker Associations) of CFTC Regulations requires registration of broker associations when contract market members have floor trading privileges and engage in certain enumerated activities. As a result of closing the options pits, NYMEX and COMEX members will no longer have floor trading privileges. As a result, the Rule is being eliminated in its entirety.

CME, CBOT, NYMEX and COMEX Rule 813 ("Daily Settlement Price")

Section 1. concerning establishing a settlement price by means of the midpoint of the Closing Range is being eliminated as it applies solely to open outcry trading, and does not apply to any existing CME or CBOT product currently trading via open outcry.

The amendments appear below, with additions underscored and deletions overstruck.

If you have any questions regarding the amendments, please contact one of the following individuals:

Sean Keating, Managing Director, NYMEX Operations, 212.299.2135

Robert Sniegowski, Executive Director, Rules & Regulatory Outreach, 312.341.5991

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

Amendments NYMEX/COMEX Rulebook

DEFINITIONS

CLOSING RANGE

~~The high and low prices, inclusive of bids and offers, recorded during the time period designated by the Exchange as the close of pit trading in a particular contract.~~

FLOOR

~~Except as otherwise provided by the Exchange, the term "Floor" shall mean any trading floor on which Exchange contracts are listed for open outcry trading.~~

FLOOR BROKER

An ~~Exchange member~~~~individual who executes orders on the Floor of the exchange for any other person and~~ who is registered as a floor broker under the CEA.

FLOOR TRADER

An ~~Exchange member~~ ~~who trades for his own account on the Floor of the Exchange and~~ who is registered as a floor trader under the CEA.

GLOBEX ORDER TYPES

~~The availability of specific Globex Order Types is dependent on the product, and not all Order Types are available for all products. Supported Order Types by Product are set forth in the Globex Reference Guide (<http://www.cmegroup.com/globex/files/GlobexRefGd.pdf>).~~

COMBINATION ORDER

~~A combination of buy and/or sell orders for the same account or accounts with the same ownership, except as provided by Rule 527, at a fixed differential or by some other appropriate pricing convention.~~

HIDDEN QUANTITY ORDER

~~An order which displays only a portion of the order to the marketplace. When the displayed quantity has been filled, another portion of the order will then be displayed to the marketplace.~~

LIMIT ORDER

~~An order to be executed at a specific price ("limit price") or better.~~

MARKET WITH PROTECTION ORDER

An order to execute as much of order as possible at the best current offer price (for buy orders) or bid price (for sell orders) within a range of prices predefined by the Exchange (the protected range). Any quantity which cannot be filled within the protected range will remain in the order book as a limit order at the limit of the protected range.

MINIMUM QUANTITY ORDER

An order which is executed only if a certain minimum quantity of that order can be immediately matched. Any unfilled balance will remain in the book as a limit order at the specified price.

STOP LIMIT ORDER

An order which becomes eligible for execution at its limit price or better when the market trades at or above the stop price in the case of a buy stop limit order or at or below the stop price in the case of a sell stop limit order.

STOP WITH PROTECTION ORDER

An order which becomes eligible for execution when the designated price (the stop price) is traded on Globex. Such orders are filled only within a range of prices predefined by the Exchange (the protected range). When the stop price is triggered, the order enters the order book as a limit order with the limit price equal to the trigger price plus or minus the predefined protected range. Any quantity which cannot be filled within the protected range will remain in the order book as a limit order at the limit price.

Globex Order Duration Qualifiers

An order eligible to be entered into Globex that does not contain a duration qualifier will be cancelled if not filled during the Trading Day in which it was received or, if it was received between Trading Days, during the next Trading Day. An order may specify one of the following duration qualifiers:

DAY

An order that will be canceled if not filled by the conclusion of the Globex trade date for which it was entered.

FILL AND KILL

An order immediately filled in whole or in part at the specified price, with any remaining quantity canceled.

GOOD 'TILL CANCELED (GTC)

An order which will remain in force until executed, cancelled or the contract expires.

GOOD 'TILL DATE (GTD)

An order which will remain in force through a specified trade date unless executed or canceled, or until the contract expires.

INTRODUCING BROKER OR IB

A firm or individual that solicits and accepts orders to buy or sell futures or options on futures contracts from customers but does not accept money or other assets from such customers. An IB must be registered with the CFTC, unless exempt from registration pursuant to CFTC Regulations.

INVESTIGATIVE AND HEARING COMMITTEES

The investigative and hearing committees of the Exchange are the Business Conduct Committee, the Clearing House Risk Committee, the Floor Conduct Committee, the Probable Cause Committee, Hearing Panels of the Board of Directors and such other committees created for this purpose by the Board.

ORDER TYPES

(Note that not all order types are eligible for execution in a trading pit on Globex and through open outcry. Additionally, order types eligible for both venues may have different meanings depending on whether the order is to be executed in a trading pit via open outcry or through Globex.)

Open Outcry Order Types

ALL-OR-NONE (AON) ORDER

Where allowed pursuant to Rule 523, an order to be executed in designated contracts in a trading pit via open outcry only for its entire quantity at a single price, with a size at or above a predetermined threshold.

DISREGARD TAPE (DRT) or NOT-HELD ORDER

Absent any restrictions, a "DRT" (Not-Held Order) means any order giving a person complete discretion over price and time in execution of the order, including discretion to execute all, some, or none of the order. A member or clearing member shall not accept an order containing the phrase "with a tick, you are held" (or similar such language). It is understood that a floor broker may trade for his own account while holding such an order without violating Rule 530 ("Priority of Customers' Orders") provided the customer has previously consented in writing and evidence of such general consent is indicated on the order with the "WP" (with permission) designation.

ENTER OPEN STOP (EOS) ORDER

An instruction to the clearing firm to enter a stop order after execution of a previous order has been achieved.

FILL OR KILL (FOK) ORDER

A designation, added to an order, instructing the broker to fill the order immediately in its entirety or not all. If the order is not filled immediately in its entirety, it is cancelled.

LIMIT ORDER

An order with instructions to be executed at a specific price ("limit price") or better.

MARKET (MKT) ORDER

An order with instructions to be executed upon receipt by a floor broker at the best available price.

MARKET IF TOUCHED (MIT) ORDER

A sell (buy) order placed above (below) the market which becomes a market order when the designated price is touched.

MARKET ON CLOSE (MOC) ORDER

An order to be executed only in the closing range.

ONE-CANCELS-OTHER (OCO) ORDER

A combination of two orders, in which the execution of either one automatically cancels the other.

OPEN ORDER (GOOD-TILL-CANCELLED)

An order which remains in force until cancelled. Without such designation, all unfilled orders are cancelled at the end of the Regular Trading Hours Session.

OPENING-ONLY ORDER

An order that is to be executed during the time period designated by the Exchange as the Regular Trading Hours session opening range time period. Any remaining unfilled quantity not executed during the time period designated as the opening range will be deemed cancelled.

STOP ORDER

An order which becomes a market order when the price designated on the order (the "Stop Price") is elected as described below.

A "Buy Stop" order is placed above the market, and is elected only when the market trades at or above, or is bid at or above, the Stop Price. A "Sell Stop" order is placed below the market, and is elected only when the market trades at or below, or is offered at or below, the Stop Price.

STOP-CLOSE ONLY ORDER

A stop order which is in effect only during the closing range. It becomes a market order if, during the closing range, the market: (1) in the case of a Buy Stop-Close Only order, trades at or above, or is bid at or above the Stop Price; or (2) in the case of a Sell Stop-Close Only order, trades at or below, or is offered at or below the Stop Price.

STOP-LIMIT ORDER

A stop order which becomes executable at its limit price or better, when and if the market: (1) in the case of a Buy Stop Limit order, trades at or above, or is bid at or above the Stop Price; or (2) in the case of a Sell Stop Limit order, trades at or below, or is offered at or below the Stop Price.

Globex Order Types

The availability of specific Globex Order Types is are dependent on the product, and not all Order Types are available for all products. Supported Order Types by Product are set forth in the Globex Reference Guide (<http://www.cmegroup.com/globex/files/GlobexRefGd.pdf>).

COMBINATION ORDER

A combination of buy and/or sell orders for the same account or accounts with the same ownership, except as provided by Rule 527, at a fixed differential or by some other appropriate pricing convention.

HIDDEN QUANTITY ORDER

An order which displays only a portion of the order to the marketplace. When the displayed quantity has been filled, another portion of the order will then be displayed to the marketplace.

LIMIT ORDER

An order to be executed at a specific price ("limit price") or better.

MARKET WITH PROTECTION ORDER

An order to execute as much of order as possible at the best current offer price (for buy orders) or bid price (for sell orders) within a range of prices predefined by the Exchange (the protected range). Any quantity which cannot be filled within the protected range will remain in the order book as a limit order at the limit of the protected range.

MINIMUM QUANTITY ORDER

An order which is executed only if a certain minimum quantity of that order can be immediately matched. Any unfilled balance will remain in the book as a limit order at the specified price.

STOP-LIMIT ORDER

An order which becomes eligible for execution at its limit price or better when the market trades at or above the stop price in the case of a buy stop limit order or at or below the stop price in the case of a sell stop limit order.

STOP WITH PROTECTION ORDER

An order which becomes eligible for execution when the designated price (the stop price) is traded on Globex. Such orders are filled only within a range of prices predefined by the Exchange (the protected range). When the stop price is triggered, the order enters the order book as a limit order with the limit price equal to the trigger price plus or minus the predefined protected range. Any quantity which cannot be filled within the protected range will remain in the order book as a limit order at the limit price.

Globex Order Duration Qualifiers

~~An order eligible to be entered into Globex that does not contain a duration qualifier will be cancelled if not filled during the Trading Day in which it was received or, if it was received between Trading Days, during the next Trading Day. An order may specify one of the following duration qualifiers:~~

~~DAY~~

~~An order that will be canceled if not filled by the conclusion of the Globex trade date for which it was entered.~~

~~FILL AND KILL~~

~~An order immediately filled in whole or in part at the specified price, with any remaining quantity canceled.~~

~~GOOD 'TILL CANCELED (GTC)~~

~~An order which will remain in force until executed, cancelled or the contract expires.~~

~~GOOD 'TILL DATE (GTD)~~

~~An order which will remain in force through a specified trade date unless executed or canceled, or until the contract expires.~~

~~PRESIDENT~~

~~The President of the Exchange, or one duly authorized to act in lieu of and with the authority of the President.~~

~~REGULAR TRADING HOURS (RTH)~~

~~Those hours designated for open outcry trading of the relevant product as determined from time to time.~~

~~TRADING ANNEX~~

~~The term "Trading Annex" means the location provided by the Exchange, subject to availability and entry into an applicable Trading Annex license agreement, in which a Member may act in a registered capacity by soliciting or broking transactions in Exchange products or may trade as a principal.~~

~~TRADING SESSION~~

~~A trading session will means either the pit trading session (the hours designated for open outcry trading for a product) and/or the Globex session (the hours on a particular trading day when a product can be traded on Globex).~~

Chapter 1
Membership

105. APPLICATION FOR MEMBERSHIP

105.A. ~~[RESERVED]~~Application Process for Members Accessing the Trading Floor

~~The applicant shall file an Application for Membership and the appropriate fee with the Department. The applicant shall agree to take no recourse against the Exchange in the event his application is rejected (except as provided in Section 8c of the Commodity Exchange Act), set forth all financial arrangements made in connection with the proposed purchase or transfer of the membership and agree to abide by the applicable rules and regulations of the Exchange and all amendments thereto.~~

~~Upon completion of the foregoing, the Department shall notify the membership by posting for a period of 20 days of the name of the applicant, the seller, the purchase price and the transfer type. The notice shall request the submission to the Department of claims against the seller or transferor arising out of Exchange transactions or any other relationship regulated by the Exchange.~~

~~During the posting period, the Department shall prepare a report on the qualifications of the applicant.~~

~~The Short Form application of a member who is transferring onto a membership may be approved by Exchange staff before the expiration of the posting period, provided the member obtains an indemnification agreement in favor of the Exchange from a clearing member to cover Rule 110 claims up to the value of the membership at the time of the transfer.~~

~~An applicant who wishes to procure a membership by purchase, or by transfer, may do so either prior or subsequent to approval for membership pursuant to Rule 107. An applicant who has acquired a membership prior to approval for membership shall become a member upon such approval. An applicant approved for membership prior to acquiring a membership shall become a member if, within thirty calendar days after approval for membership, he procures a membership; otherwise his membership shall be deemed vacated and the Exchange shall retain the membership application processing fee. Extensions of the 30-day period in which the applicant must acquire a membership may be granted by the Department.~~

105.B. Application Process for Members ~~Not Requesting Access to the Trading Floor~~

~~The applicant shall file an Application for Membership and the appropriate fee with the Department. The applicant shall agree to take no recourse against the Exchange in the event his application is rejected (except as provided in Section 8c of the Commodity Exchange Act), set forth all financial arrangements made in connection with the proposed purchase or transfer of the membership and agree to abide by the applicable rules and regulations of the Exchange and all amendments thereto.~~

~~The applicant may receive temporary membership privileges which do not permit trading floor access upon the filing of a complete Application unless the Department has reason to believe that the applicant is not qualified for membership. An applicant that receives temporary membership privileges shall be subject to all of the rules of the Exchange including the rules related to the approval and rejection of an applicant. Such temporary membership privileges will expire upon the earlier of: 1) sixty days after the temporary membership privileges are granted; 2) a rejection of the applicant's membership application by the Membership Committee; or 3) notification that the application for membership has been approved. An applicant who receives temporary non-trading floor membership privileges who is subsequently rejected for membership shall reimburse the Exchange for the difference between trading and clearing fees paid by reason of the temporary membership status and the fees that would have been paid on the same transactions at the rates that would have otherwise prevailed.~~

The Department shall notify the membership by posting for a period of 20 days of the name of the applicant, the seller or transferor and the purchase price. The notice shall request the submission to the Department of claims against the seller or transferor arising out of Exchange transactions or any other relationship regulated by the Exchange. During the posting period, the Department shall prepare a report on the qualifications of the applicant.

The Application of a member who obtains a membership may be approved by the Department before the expiration of the posting period, provided the member obtains an indemnification agreement in favor of the Exchange from a clearing member to cover Rule 110 claims up to the value of the membership at the time of purchase or transfer.

An applicant who has acquired a membership prior to approval for membership shall become a member upon such approval. An applicant approved for membership prior to acquiring a membership shall become a member if, within thirty calendar days after approval for membership, he procures a membership; otherwise his membership shall be deemed vacated and the Exchange shall retain the membership application processing fee. Extensions of the 30-day period in which the applicant must acquire a membership may be granted by the Department.

105.C.—Application for Floor Broker's or Floor Trader's License

~~Each membership applicant seeking a floor broker's or floor trader's license shall apply for registration as a floor broker or a floor trader with the National Futures Association. Individuals not accessing the trading floor are not required to obtain floor broker or floor trader registration.~~

106. TRANSFERS, SECURITY TRANSACTIONS, AND AUTHORIZATIONS TO TRANSFER OR SELL

[The introduction and Sections A. – C. are unchanged.]

106.D. Futures Industry Transfers

A member or Non-Member Investor may temporarily transfer his membership to another member who shall be subject to all Exchange rules and regulations.

Transfers under this section shall be subject to the following terms and conditions:

1. The transferor may revoke the transfer upon written notice filed with the Department.
2. The transferor shall have the right at any time to withdraw the authority of the transferee to trade on the membership by giving notice to the transferee's qualifying clearing member and such clearing member must subsequently notify the Exchange pursuant to Rule 511.A.
3. The transfer shall be revoked and the membership shall revert to the transferor's estate or conservator upon official notice of the death or formally declared incompetence of the transferor. However, the legal representative of a deceased member's estate may transfer his membership pursuant to this Rule 106.D. during the pendency of probate.
4. A transferor ~~who does not hold another membership~~ may not ~~access trade while on the T~~ trading ~~Annex~~ floor.

[The remainder of Section D. through Section I. are unchanged.]

106.J. Member Firm

A firm may qualify as a:

- NYMEX Rule 106.J. member firm if two NYMEX Division memberships and 20,000 CME Group Class A Shares or if the equity member firm is a fund, pool or other collective investment vehicle, 30,000 shares, are assigned for the firm's membership privileges. A member firm may pay an Equity Member Subscription Rate as published in the NYMEX fee schedule in lieu of holding CME Group Class A Shares. The Equity Member Subscription Rate will be applied per member, per month, per Exchange. Member firms choosing to pay the Equity Member Subscription Rate must file an application with the Department. The Exchange will have discretion regarding applying the appropriate rate.
- COMEX Rule 106.J. member firm if two COMEX Division memberships are assigned for the firm's membership privileges.
- COMEX Rule 106.J. member firm (Options only) if two COMEX Option Division memberships are assigned for the firm's membership privileges.

A NYMEX Rule 106.J. member firm (excluding a fund, pool or other collective investment vehicle) shall at all times have assigned to it at least 30,000 CME Group Class A Shares if it is also either: (a) a CME clearing member with shares or CME Rule 106.J. equity member firm or (b) a CBOT clearing member with shares or a CBOT member firm that has a 20,000 share requirement. If the CBOT member firm has an 8,750 share requirement, the combined share requirement will be 28,750.

A NYMEX Rule 106.J. member firm that is a fund, pool or other collective investment vehicle shall at all times have assigned to it at least 45,000 CME Group Class A Shares if it is also either: (a) a CME clearing member with shares or CME Rule 106.J. equity member firm or (b) a CBOT clearing member with shares or CBOT Rule 106.J. equity member firm.

A NYMEX Rule 106.J. member firm shall at all times have assigned to it at least 40,000 CME Group Class A Shares if it is also both: (a) a CME clearing member with shares or CME Rule 106.J. equity member firm and (b) a CBOT clearing member with shares or a CBOT member firm that has a 20,000 share requirement. If the CBOT member firm has a 8,750 share requirement, the combined share requirement will be 38,750.

A NYMEX Rule 106.J. member firm that is a fund, pool or other collective investment vehicle pool shall at all times have assigned to it at least 60,000 CME Group Class A Shares if it is also both: (a) a CME clearing member with shares or CME Rule 106.J. equity member firm and (b) a CBOT clearing member with shares or CBOT Rule 106.J. equity member firm.

For NYMEX Rule 106.J. member firms, at least one membership and 50% of the CME Group Class A Shares required for membership pursuant to this Rule must be owned by the member firm, principals or employees of the member firm or persons, including a parent company, with an acceptable proprietary interest in the member firm, or if the member firm is a fund, pool or

other collective investment vehicle, the investment manager of the fund, pool or other collective investment vehicle. One membership and 50% of the CME Group Class A Shares required for membership may be independently assigned.

A member firm may pay an Equity Member Subscription Rate as published in the NYMEX fee schedule in lieu of holding CME Group Class A Shares referenced above.

For COMEX Rule 106.J. member firms and COMEX Rule 106.J. member firms (Options only), at least one membership in each Division required for membership pursuant to this Rule must be owned by the member firm, principals or employees of the member firm or persons, including a parent company, with an acceptable proprietary interest in the member firm, or if the member firm is a fund, pool or other collective investment vehicle, the investment manager of the fund, pool or other collective investment vehicle. One membership in each Division required for membership may be independently assigned.

COMEX Option Memberships may be assigned solely for the purpose of trading those contracts which a COMEX Option Member is permitted to trade.

The memberships may be held in the name of the member firm, principals or employees of the member, or persons with an acceptable proprietary interest in the member firm. The owner of the membership may transfer the membership among such persons provided that: (1) the transfer is approved by Exchange staff; (2) the transferee is approved pursuant to the rules of the Exchange; and (3) the transfer is for the legitimate business purposes of the firm. The firm shall have the right, at any time, to withdraw the authority of the transferee to trade on the membership, but must withdraw such authority upon termination of his employment or other association with the firm. Notice of the withdrawal of the authority of the transferee to trade on the membership must be given to his qualifying clearing member who in turn must notify the Exchange pursuant to Rule 511.A. The member firm shall designate on a form provided by the Exchange a representative who shall be authorized to deal with the Exchange with respect to the membership transferred under this Section.

The proceeds of the sale of a membership which has been assigned in order to qualify a Rule 106.J. member firm shall be subject to Rule 110 claims against both the owner of the membership and the Rule 106.J. member firm.

A Rule 106.J. member firm membership may not be transferred pursuant to any other provision of Rule 106. The membership may not be assigned for membership purposes under Rule 902.

Rule 106.J. member firm benefits apply only to the firm's member firm trading and not to the trading of any affiliates, subsidiaries or customers. All positions of the member firm must be carried by a clearing member(s) in accounts separate from positions of affiliates, subsidiaries, customers and other entities.

Any holder or transferee of a Rule 106.J. membership may not solicit or contact customers from the [Trading Annex](#) floor of the Exchange, unless the member firm is an Introducing Broker or Futures Commission Merchant as those terms are defined in Section 1a of the Commodity Exchange Act and/or 17 C.F.R. 1.3.

A Rule 106.J. member firm may not hold itself out to the public as a clearing member.

Exchange staff may grant exemptions from the requirements of this Rule.

[The remainder of the Rule is unchanged.]

120. MEMBERSHIP CATEGORIES

There are three categories of membership: NYMEX Division, COMEX Division and COMEX Option Membership. NYMEX Division membership privileges extend to all NYMEX products and to any COMEX products for which cross-divisional trading privileges have been granted by the Board; COMEX Division membership privileges extend to all COMEX products and to any NYMEX products for which cross-divisional trading privileges have been granted by the Board; and COMEX Option Membership privileges are limited to products assigned to COMEX Option Members by the Board. ~~A member of the NYMEX Division or COMEX Division or a COMEX Option Member who personally executes trades on the floor in products other than those assigned to his respective Division or category shall be deemed to have committed an act detrimental to the interest or welfare of the Exchange.~~ A member who trades products on Globex in which he does not have membership privileges is not entitled to member's rates for such trades.

121. MEMBERSHIP PRIVILEGES

Membership in the Exchange entitles the member to certain privileges including the right:

- ~~a. To access the trading floor if properly qualified by a clearing member;~~
- ~~b. To act as a floor broker and/or floor trader in accordance with Exchange rules; and~~
- ~~c. To receive member or lessee fee rates in accordance with Exchange requirements.~~

122. MEMBERSHIP DUES AND ASSESSMENTS PAYABLE

Dues and other amounts owed to the Exchange are payable upon receipt of the invoice. Members in arrears 60 days after the invoice date may forfeit all membership privileges, including ~~the privilege of accessing the floor and~~ reduced clearing and trading fees, including Globex fees. Exchange staff shall use reasonable efforts to notify the member before any privileges are forfeited.

126. MEMBERSHIP ~~ETHICS STANDARD~~ EDUCATION PROGRAMS

~~A member's right to access the trading floor requires that he first attend an initial educational program respecting CFTC and Exchange trading rules, federal, Exchange, and administrative sanctions for violating rules, and members' legal and professional responsibilities concerning treatment of customer orders and handling of customer business.~~

~~Each Member who is licensed space in~~ Continued access- the Trading Annex requires members to must comply with the ethics standards set forth in Appendix B to Part 3 of the CFTC's Regulations-Statement of Acceptable Practices, or any equivalent ethics training.

127. ~~BROKING~~ TRADING AND SOLICITATION PRIVILEGES

~~A member shall have the right, subject to the rules of the Exchange, to trade as principal and as broker for others by open outcry only with respect to products assigned to his membership division or as otherwise designated by the Exchange. The Exchange shall designate the products that which NYMEX and COMEX members licensed space in the Trading Annex may broker or solicit from the combined NYMEX and COMEX Trading Annex floor. In order to broker or solicit customer business, the member must have proper industry CFTC registration. All broking and solicitations must take place from the Trading Annex floor or the premises of an entity registered to conduct customer business. Broking and solicitations occurring from the premises of an entity registered to conduct customer business must be on behalf of the entity or one of its properly registered affiliates and such entity or affiliate must be an NFA member if required by NFA rules.~~

Chapter 2

Government

232. EXCHANGE FACILITIES

The Exchange ~~shall provide trading facilities which~~ shall be open ~~for trading~~ on such days and at such hours as the Exchange shall determine, except during emergency situations as provided by Exchange rules.

Chapter 3

Exchange Committees

300. COMMITTEES

[Sections A. – C. are unchanged.]

300.D. DISQUALIFICATION FROM CERTAIN COMMITTEES AND GOVERNING BOARDS

No person shall serve on the Board of Directors or any Board level committee; the Clearing House Risk Committee; the IRS Risk Committee; the CDS Risk Committee; the Business Conduct Committee; the Probable Cause Committee; ~~the Floor Conduct Committee~~; or the Arbitration Committee

1) who is found by a final decision or settlement agreement (or absent a finding in the settlement agreement if any acts charged included a disciplinary offense) to have committed a disciplinary offense, as defined in Section E. below; or 2) whose CFTC registration in any capacity has been revoked or suspended; or 3) who is subject to an agreement with the CFTC or any self-regulatory organization not to apply for registration or membership; or 4) who is subject to a denial, suspension or disqualification from serving on a disciplinary committee, oversight committee, arbitration panel or governing board of any self-regulatory organization as that term is defined in Section 3(a)(26) of the Securities Exchange Act of 1934; or 5) who has been convicted of any felony listed in Section 8a(2)(D)(ii) through (iv) of the Commodity Exchange Act; for a period of three years from the date of such final decision or for such a time as the person remains subject to any suspension, expulsion or has failed to pay any portion of a fine imposed for committing a disciplinary offense, whichever is longer.

[The remainder of the Rule is unchanged.]

Chapter 4

Enforcement of Rules

400. GENERAL PROVISIONS

The Board has adopted Rules, and from time to time adopts amendments and supplements to such Rules, to promote a free and open market on the Exchange, to maintain appropriate business conduct and to provide protection to the public in its dealings with the Exchange and its Members. The Board has created committees to which it has delegated responsibility for the investigation, hearing and imposition of penalties for violations of Exchange Rules. The Board has also delegated responsibility for the investigation and imposition of penalties for violations of certain Exchange Rules to Exchange staff as set forth in the Rules. The delegation of such responsibility and authority shall in no way limit the authority of the Board with respect to all Rule violations.

For purposes of Chapter 4, the term "Member" shall mean: 1) members and clearing members of the Exchange, including Commercial Associate Members and individuals and entities described in Rule 106; 2) associated persons ("APs") and affiliates of clearing members and member firms of the Exchange; 3) guaranteed introducing brokers of clearing members and member firms of the Exchange and their APs; 4) any Person or entity that has been granted cross-exchange trading privileges; 5) employees, authorized representatives, contractors, and agents of a Member in regard to the Exchange related activities of such individuals; 6) regular firms; 7) any Person subject to the jurisdiction of the Exchange pursuant to Rule 418; ~~and~~ 8) individuals and entities that have agreed in writing or via electronic signature to comply with the Rules of the Exchange; ~~and 9) other individuals who have access to the floor.~~

Members are deemed to know, consent to and be bound by all Exchange Rules. Former Members shall be subject to the continuing jurisdiction of the Exchange, including, without limitation, the application of Rule 432.L., with respect to any conduct that occurred while a Member.

405. [RESERVED] FLOOR CONDUCT COMMITTEE

~~The Floor Conduct Committee shall have the authority to: 1) participate in the determination of opening and closing ranges in accordance with Rule 546; 2) oversee and enforce changes in prices in accordance with Rule 528 and the Quotation Change Procedures set forth in the Interpretations & Special Notices Section of Chapter 5; 3) resolve pit space disputes; 4) remove~~

unauthorized persons from the pit; 5) resolve, by immediate action, all grievances arising from price infractions pursuant to Rule 514 during pit trading; and 6) issue charges for alleged violations of Rule 514.

A Floor Conduct Committee member shall not exercise his authority if he or any person, firm, or broker association with which he is affiliated has a personal, financial, or other direct interest in the matter under consideration. A Floor Conduct Committee member shall be deemed to have a financial interest if the decision is likely to have an immediate financial impact on a transaction for his account or an account in which he has an interest or if the decision is likely to impact on liability for filling an order for which he or a person with whom he has a financial or business relationship was responsible.

The Floor Conduct Committee shall conduct summary proceedings for alleged violations of Rule 514. Floor Conduct Committee members shall participate in the resolution of quotation change requests pursuant to the Quotation Change Procedures set forth in the Interpretations & Special Notices Section of Chapter 5. The Floor Conduct Committee shall have jurisdiction to conduct summary proceedings for violations of, and assess penalties in accordance with, Exchange rules. The procedures contained in Rule 409 shall govern summary proceedings.

409. CONDUCT INFRACTIONS SUMMARY PROCEEDINGS BEFORE THE FLOOR CONDUCT COMMITTEE

409.A. General Jurisdiction

A member of the Floor Conduct Committee or a designated representative of the Market Regulation Department shall have the authority to issue charges against an individual with respect to trading infractions as set forth in Rule 514. A panel of the Floor Conduct Committee shall have authority to conduct summary proceedings with respect to charges under Rule 514.

Charges against an individual shall be issued by filing the appropriate forms with the Market Regulation Department. The Market Regulation Department will then serve the respondent with a copy of the charges.

Individual members and their employees in the Trading Annex must at all times demonstrate commonly accepted standards of propriety and decorum.

409.B. Sanctions Selection of the Panel

For proceedings before the Floor Conduct Committee, the Chief Regulatory Officer or his designee, in consultation with a Floor Conduct Committee Co-Chairman, shall select a panel consisting of three additional members of the Floor Conduct Committee, which may include other Co-Chairmen of the committee. The Chief Regulatory Officer shall endeavor to rotate the members serving on the panels.

No panelist may serve on the particular panel if he or any person, firm, or broker association with which he is affiliated has a personal, financial, or other direct interest in the matter under consideration.

The Chief Regulatory Officer or his designee shall have the authority to impose summary fines on individual members and their employees for violations of Rule 409.A. Summary fines shall not be less than \$1,000 per offense and shall not exceed \$10,000 per offense. Summary fines issued pursuant to this Rule shall be deemed final and may not be appealed.

Notwithstanding the above, the Market Regulation Department, may, at any time, refer matters that it deems egregious to the Probable Cause Committee.

409.C. Conduct of Summary Proceedings

A summary proceeding before the Floor Conduct Committee shall be conducted in a fair and impartial manner.

A summary proceeding before the Floor Conduct Committee shall take place as soon as practicable after the issuance of charges. The proceeding will not be recorded. The respondent shall be entitled to appear personally and answer the charges issued. Respondents and witnesses may not be represented by counsel at a summary proceeding. However, an employee without membership privileges who is a respondent may be represented by a single representative of his employer. A panel shall decide by a majority vote whether the individual is guilty of the violation or offense charged. If the accused individual is found guilty, a panel may impose fines in accordance with Exchange Rules. A witness who fails to appear at a summary proceeding after being directed to do so by the Chairman of the panel or by staff may be charged with a violation of Rule 432.

If a panel of the Floor Conduct Committee, by a majority vote, decides that the matter is of major importance or might warrant a penalty in excess of its own authority, the Chairman of the Panel shall refer the matter to the PCC and shall inform the individual of this referral in writing.

432. GENERAL OFFENSES

It shall be an offense:

- A. to have an interest in, operate or knowingly act on behalf of a bucket-shop, or knowingly make any transaction with a bucket-shop;
- B.
 1. to engage in fraud or bad faith;
 2. to engage in conduct or proceedings inconsistent with just and equitable principles of trade;
- C. to engage in dishonest conduct;
- D. to create or report a false or fictitious trade;
- E. to extort or attempt extortion;
- F. to buy or sell any Exchange futures or options contract with the intent to default on such purchase or sale;
- G. to prearrange the execution of transactions in Exchange products for the purpose of transferring equity between accounts;
- H. to engage in, or attempt to engage in, the manipulation of prices of Exchange futures or options contracts; to corner or squeeze, or attempt to corner or squeeze, the underlying cash market; or to purchase or sell, or offer to purchase or sell

Exchange futures or options contracts, or any underlying commodities or securities, for the purpose of upsetting the equilibrium of the market or creating a condition in which prices do not or will not reflect fair market values;

- I. to make a verbal or written material misstatement to the Board, a committee, or Exchange employees;
- J. to knowingly disseminate false, misleading or inaccurate information concerning crop or market information or conditions that affect or may affect the price of any Exchange futures or options contract or spot transaction in the underlying commodity;
- K. to trade or accept performance bonds after insolvency;
- L.
 - 1. to fail to appear before the Board, Exchange staff or any investigative or hearing committee at a duly convened hearing, scheduled staff interview or in connection with any investigation;
 - 2. to fail to fully answer all questions or produce all books and records at such hearing or in connection with any investigation, or to make false statements;
 - 3. to fail to produce any books or records requested by duly authorized Exchange staff, in the format and medium specified in the request, within 10 days after such request is made or such shorter period of time as determined by the Market Regulation Department in exigent circumstances;
- M. to use or disclose, for any purpose other than the performance of an individual's official duties as a member of any committee or the Board of Directors, any non-public information obtained by reason of participating in any Board of Directors or committee meeting or hearing;
- N. to knowingly accept, directly or indirectly, a trade on the Exchange for the account of a non-member employed [in the Trading Annex on the floor of the Exchange](#);
- O. for a Member to permit the use of facilities or membership privileges in a manner that is detrimental to the interest or welfare of the Exchange or results in a violation of Exchange Rules or the Commodity Exchange Act;
- P. for a Clearing Member to fail to maintain minimum financial requirements;
- Q. to commit an act which is detrimental to the interest or welfare of the Exchange or to engage in any conduct which tends to impair the dignity or good name of the Exchange;
- R. to fail to submit to arbitration any dispute which Exchange staff, an arbitration panel or the Board decides should be arbitrated pursuant to Chapter 6; or to fail to comply with a final arbitration award;
- S. to fail, after hearing, to comply with an order of the Board, Exchange staff or any hearing committee;
- T. to engage in dishonorable or uncommercial conduct;
- U. except where a power of attorney or similar document has been executed pursuant to Rule 956, for any party to accept or transmit a customer order which has not been specifically authorized;
- V. to be expelled from a U.S. or foreign designated commodities or securities exchange;
- W. for any party to fail to diligently supervise its employees and agents in the conduct of their business relating to the Exchange;
- X. to aid or abet the commission of any offense against the Exchange or any violation of an Exchange Rule;
- Y. to use improperly the Globex platform or any electronic trading or clearing platform owned or controlled by CME Group or permit the unauthorized use of such platforms; and/or
- Z. for a Member to fail to disclose to his qualifying Clearing Member that an involuntary bankruptcy petition has been filed against him or, in the case of a voluntary bankruptcy proceeding, that he has filed or has formed a definite intention to file for bankruptcy.

435. EFFECT OF SUSPENSION OR EXPULSION

Unless otherwise determined by the committee with jurisdiction over such matters, a suspended or expelled Member shall not be entitled to any of the privileges of membership during the period of such suspension or expulsion, including, but not limited to, the right to:

- A. access any trading floor or facility owned or controlled by CME Group;
- B. direct and indirect access to the Globex platform or any other electronic trading or clearing platform or facility owned or controlled by CME Group;
- C. obtain member rates; and
- D. any applicable cross-exchange trading privileges.

[A member who has been suspended or expelled may not license space in or access the Trading Annex.](#)

A member who has been expelled may not lease out an owned membership in any exchange owned or controlled by CME Group and must relinquish ownership of such membership(s) within 30 days of the date that the expulsion becomes the final decision of the Exchange.

437. NOTICE OF DISCIPLINE

Notice, in accordance with Section 8c(a)(2) of the Commodity Exchange Act, shall be made available to an internet accessible computer database at the National Futures Association and to an internet accessible computer database at CME Group and shall be provided to any Member or non-member who is suspended, expelled, disciplined or denied access to the Exchange within 30 days after the decision becomes final. Additionally, a written notice may be posted [in on the floor of the Exchange at a location determined by the Exchange](#) for five business days promptly after the disciplinary action becomes effective. The notice

shall include the Member's or non-member's name, the Rule(s) violated, the reason for the Exchange's action and the action taken or penalty imposed.

Chapter 5

Trading Qualifications and Practices

500. SCOPE OF CHAPTER

This chapter prescribes rules concerning Trading Annex floor access ~~privileges, qualifications for trading privileges, and trading practices. For the avoidance of doubt, the Trading Annex is being provided by the Exchange in its sole discretion and the ability to license space in the Trading Annex is not a privilege of membership in the Exchange; the Exchange may discontinue the provision of the Trading Annex at any time.~~

TRADING ANNEX ACCESS FLOOR PRIVILEGES

501. EMPLOYEES OF MEMBERS

~~Members shall register with the Exchange all persons whom they wish to employ on the trading floor. Non-member employees of members~~ Such employees may act as runners, communicators and clerks. Such employees shall not be permitted to solicit customers or benefit from the production of orders. Such employees shall not trade or have any interest in an account trading in any NYMEX or COMEX futures or options contracts. Employees must wear a prescribed identification badge. Any member permitting trading by such employee shall be guilty of an offense against the Exchange. ~~Remuneration to such employees shall be limited to salaries and normal bonuses. The member employer shall, upon request, provide a report to Exchange staff with respect to each such employee, setting forth the hours of employment, salary and bonus, and a copy of each employee's Internal Revenue Service W-2 Form or other documentation evidencing employment.~~

[The remainder of the Rule is unchanged.]

502. [RESERVED] ADMISSION TO FLOOR

~~In addition to authorized employees and agents of the Exchange, only members, registered employees of members, permit holders and authorized visitors shall be permitted on the floor of the Exchange. No person may be introduced on the floor of the Exchange by a member on more than three days of any calendar month. Members must at all times accompany visitors for whom they have obtained floor access and are responsible for the conduct and actions of visitors for whom they have obtained floor access while such visitors are on Exchange premises. No privileges other than admittance to the floor may be extended to a guest. A guest is specifically prohibited from performing any of the functions of an employee of a member or member firm, entering a trading pit, placing orders, using any electronic devices or market display equipment and blocking aiseways or access to trading pits.~~

505. BOOTH AND FLOOR PRIVILEGE SPACE IN THE TRADING ANNEX

Booth space ~~on the Trading Annex~~ floor may be licensed and assigned pursuant to policies established by the Exchange only to members and member firms. Available booth space will be assigned by Exchange staff in accordance with the policies established by the Exchange and the decisions of Exchange staff regarding the assignment of booth space shall be final.

Orders may be accepted at or relayed from the booth space assigned to a member or member firm only by the member, employees of the member or member firm and members qualified by the member firm.

~~Notwithstanding any other rule, any member who is associated as a partner, shareholder, member, officer, manager, employee, or consultant with any entity or natural person that is or should be registered as an Introducing Broker ("IB"), Futures Commission Merchant ("FCM"), Commodity Trading Advisor ("CTA") or Commodity Pool Operator ("CPO") as those terms are defined in Section 1a of the Commodity Exchange Act and/or 17 C.F.R. 1.3, may not solicit orders of others from the floor of the Exchange unless the entity or natural person for which or for whom the member is soliciting orders is also a member firm or member of the Exchange. Additionally, IBs, FCMs, CTAs and CPOs may not operate from booth spaces on the trading floor unless they are member firms or wholly owned by members or member firms.~~

506. [RESERVED] HEADSET PRIVILEGES ON THE TRADING FLOOR

506.A.—Access and Supervision

Members and member firms are eligible to lease headsets from the Exchange for use on the trading floor by filing an application with the Telecommunications Department. ~~Members and member firms may authorize their nonmember employees to utilize headsets subject to their supervision. For the purposes of this rule, a telephone in, or on the perimeter of, a trading pit shall be treated in the same manner as a headset.~~

~~Members and member firms are responsible for ensuring that their nonmember employees who utilize headsets comply with all requirements set forth in this rule and are responsible for the content of their nonmember employees' headset communications.~~

506.B.—Use of Headsets

~~Nonmember employees wearing a headset may communicate order and fill information, as well as market information that has been publicly exposed to the trading pit; however, such nonmember employees may not communicate their personal opinions concerning the market or trading activity.~~

~~Headsets may be used to communicate between locations on the trading floor, and between the trading floor and off-floor locations. Headsets may be used to accept, place or relay orders provided that all applicable Exchange audit trail and recordkeeping requirements are met; however, nonmember customers may not place orders directly to the pit, and floor brokers and their employees may not accept such orders, unless the customer's clearing firm, in its sole discretion, has specifically authorized the customer to place orders directly.~~

507. ELECTRONIC DEVICES

507.A. General Provisions

~~The use of any electronic device on the trading floor is prohibited unless such device and/or usage has been permitted by the Exchange. For purposes of this rule, the term "electronic device" shall mean any type of voice or data communications interface, including but not limited to a computer, headset, hand-held device, microphone or telephone. No Member (as defined in Rule 400) shall permit others to use any electronic device unless such use has been permitted by the Exchange. Members using an permitted electronic device o~~in the ~~Trading Annex~~floor for permissible business purposes must retain any required audit trail data in accordance with applicable Exchange rules and CFTC regulations.

507.B. ~~[Reserved]~~Terms and Conditions of Use

~~The Exchange may, in its sole discretion, impose restrictions on the use of any permitted electronic device by any Member. The Exchange may limit, suspend or terminate any Member's right to use any permitted electronic device at any time, without prior notice and without any liability to the Exchange.~~

~~The Exchange shall have the right, at any time, to audit the use of any permitted electronic device by any Member.~~

~~The Exchange accepts no responsibility for loss, theft or damage to any equipment permitted for use by a Member on Exchange premises.~~

~~Electronic devices that are not issued by the Exchange must not interfere with any Exchange system.~~

507.C. Electronic Surveillance

The Exchange may intercept and record any electronic communication received or sent from the ~~Trading Annex~~floor to ensure compliance with Exchange Rules. Exchange members, their employees, and all others who are granted access to the ~~Trading Annex~~floor consent, as a condition of their membership, employment, or access to the ~~Trading Annex~~floor, to the interception, recording, and use of any such communication.

507.D. ~~Personal Electronic Devices~~

~~Unless permitted pursuant to Section A. above, personal electronic devices including, but not limited to, cell phones, personal digital assistants (PDAs) and other devices with email, instant messaging or other similar capabilities may be used on the trading floor only for non-business purposes.~~

507.E. ~~Cameras and Video Equipment~~

~~Unless expressly permissioned by the Exchange, the use of any type of camera or video equipment on the trading floor is prohibited.~~

508. ~~[RESERVED]~~GIVING AND RECEIVING OF GRATUITIES

~~A member, member firm, broker association or an employee of any of the foregoing may not give, directly or indirectly, to any employee of another member, member firm or broker association any gratuities or gifts with an aggregate market value in excess of \$100 within any twelve month period.~~

~~This rule applies notwithstanding any internal policy of an entity that allows for gifts in excess of \$100. The requirements of this rule apply to both the providers and the recipients of such gifts and gratuities.~~

510. REQUIREMENTS FOR MEMBERS AND THEIR EMPLOYEES ~~Q~~IN THE TRADING ~~ANNEX~~FLOOR

~~All members and their employees on the trading floor shall satisfy all orientation requirements of the Exchange. All members seeking to license space in and access the Trading Annex must be registered in accordance with act as a floor broker, floor trader, or in any other capacity requiring registration pursuant to the Commodity Exchange Act, must be registered in accordance with applicable CFTC regulations.~~

A member shall be prohibited from engaging in activities requiring registration under the Commodity Exchange Act or from representing himself to be a registrant under the Commodity Exchange Act or the representative or agent of any registrant if such member's ~~floor broker or floor trader~~ registration is suspended by the CFTC or if the Exchange has suspended such member's privilege to act ~~in a registered capacity as a floor broker or floor trader~~ on the Exchange.

All members registered with the CFTC must report any changes to such status in accordance with applicable CFTC regulations and must promptly notify the Shareholder Relations and Membership Services Department of any such changes.

511. QUALIFIED TRADERS AND BROKERS

No member ~~with access to the Trading Annex~~ shall be permitted to execute an ~~pit or~~ allowable privately negotiated transaction on the Exchange unless he is qualified to do so by a clearing member.

A member shall place all trades for his own account or any account which he controls, on the books of his qualifying clearing member unless written authorization to the contrary from said clearing member has been filed with the Shareholder Relations and Membership Services Department. Regardless of such authorization, a member in a deficit position with any clearing member shall place trades only through his qualifying clearing member. Any non-qualifying clearing member that carries a member's account in a deficit position shall promptly notify the clearing member that is qualifying such member.

All trades initiated for a member's account, an account which he controls or an account in which he has a proprietary interest shall be disclosed on the books of a clearing member.

A member who believes his qualifying clearing member is unreasonably withholding a release necessary to permit the member to be qualified by a different clearing member may request a hearing before a Panel of the Business Conduct Committee ("Panel") pursuant to the applicable provisions of Rule 408. The Panel may, in its sole discretion, remand a dispute concerning the validity of a signed non-compete agreement between the parties to arbitration pursuant to Rule 600.A. Either party may petition the arbitration chairman for expedited handling of the matter pursuant to Rule 613.

The Panel may assess attorneys' fees and the administrative costs of the proceeding against one or both of the parties if it determines that a claim or defense was frivolous or filed in bad faith.

511.A. ~~Trading Annex~~Floor Trading

A qualifying clearing member may, without prior notice, revoke a member's authorization to execute transactions in the Trading Annex by written revocation filed with the Shareholder Relations and Membership Services Department. Such revocation shall be effective and the member's qualification to appear in the Trading Annex and to execute transaction shall terminate when notice of the disqualification is posted in the Trading Annex Exchange floor or otherwise delivered to the member. A member shall not appear in upon the Trading Annex floor of the Exchange until he has been requalified. A member who has been disqualified shall promptly return his membership badge to the Shareholder Relations and Membership Services Department.

511.B. Globex Trading

~~Unless otherwise specified by a member's qualifying clearing member, a member suspended from entering orders through Globex shall not be disqualified from pit trading.~~

In the case of a member who has Globex access guaranteed by a clearing member other than his qualifying clearing member, the qualifying clearing member may terminate the member's ability to place orders through Globex by notifying the clearing member providing the member access to Globex. The clearing member providing the access to Globex will be responsible for ensuring that the member does not place orders through Globex.

513.~~515.~~ [RESERVED]CONDUCT, APPAREL AND BADGES

513.A. ~~General~~

~~Members and their employees are expected to conduct themselves on Exchange premises with dignity and integrity in order to maintain a safe workplace and the efficiency and good name of the Exchange. Members and their employees shall refrain from excessive speed in moving about the trading floors, and shall be respectful of all others on Exchange premises and shall abide by Exchange policy concerning access, conduct, and appearance. Members and their employees, while on the trading floors, shall be professionally attired in accordance with Exchange policy, and shall wear jackets bearing identification badges issued by the Exchange. Members and their employees not professionally attired in accordance with Exchange policy may be barred or removed from the trading floors. Refreshments and smoking are forbidden on the trading floors at all times.~~

513.B. ~~Sanctions~~

- ~~1. Designated Exchange officials may impose fines on members or their employees for violations of the Exchange policy concerning access, conduct, and appearance. Fines imposed pursuant to Rule 513.B.1. are final and may not be appealed.~~
- ~~2. A fourth violation of the Exchange policy concerning access, conduct, and appearance within a rolling 18-month period will be subject to a \$1,000 fine.~~
- ~~3. A fifth or subsequent violation of the Exchange policy concerning access, conduct, and appearance within a rolling 18-month period will be referred to a summary proceeding before a Panel of the Floor Conduct Committee. The Panel may impose a fine not to exceed \$5,000 per violation.~~
- ~~4. Notwithstanding any other provision in this Rule, the Chief Regulatory Officer shall have the authority to impose a fine not to exceed \$5,000 per offense on members and their employees for egregious violations of Rule 513.A.~~
- ~~5. The Market Regulation Department, at its discretion, may refer any alleged violation of Rule 513 to the Probable Cause Committee for consideration of charges.~~

513.C. ~~Hearings and Appeals~~

~~An individual fined pursuant to Rule 513.B.2., 3. or 4. may, within 10 days of the decision, file a written appeal with the Market Regulation Department. A written appeal that fails to specify the grounds for the appeal and the specific error or impropriety of the original decision shall be dismissed. The appeal shall be heard by a Panel of the Business Conduct Committee ("BCC Panel") whose decision shall be final. The appellant shall be entitled to be represented by counsel, appear personally before the BCC Panel and present evidence that he may have in support of his appeal. The BCC Panel shall not set aside, modify or amend the appealed decision unless it determines, by majority vote, that the decision was:~~

- ~~1. Arbitrary, capricious, or an abuse of the Panel's or Exchange staff's discretion;~~
- ~~2. In excess of the Panel's or Exchange staff's authority or jurisdiction; or~~
- ~~3. Based on a clearly erroneous application of Exchange rules.~~

514. TRADING INFRACTIONS

A written complaint concerning a trading infraction pursuant to Rule 514.A. may be initiated by members, member firms, trading floor employees of members or member firms or staff of the Exchange. Charges shall be issued and hearings shall be conducted for violations of this rule in accordance with Rule 409.

514.A. Definition

The following shall constitute trading infractions:

- ~~1. a bid or offer out of line with the market;~~
- ~~2. a bid or offer which tends to confuse the other traders;~~
- ~~3. a trade through the existing bid or offer;~~
- ~~4. failure to confirm a transaction;~~

5. failure of a buyer and seller to properly notify the pit reporter of transaction prices in accordance with Rule 528 and/or failure to ascertain that such prices are properly recorded;
6. use of profane, obscene or unbusinesslike language on the trading floor;
7. use of undue force while on, entering or leaving the trading floor;
8. conduct which tends to confuse, distract, abuse or intimidate any Exchange employee;
9. conduct of an unbusinesslike nature;
10. failure to defer to a member who has clearly turned the market;
11. failure to indicate a quantity on a bid or offer; and
12. disseminating false, misleading or inaccurate quotes.

514.B. Floor Conduct Committee Fining Authority

A Panel of the Floor Conduct Committee that finds a member or his employee guilty of violating Rule 514 may impose a fine of up to \$10,000 per offense on such member or employee, except that an egregious violation of Rule 514.A.6., 7., 8. or 9. may result in a fine of up to \$20,000. Notwithstanding the above, the total fine levied by a Panel against a respondent may not exceed \$20,000 based on the single issuance of charges.

If an individual is found guilty of three violations of Rule 514.A. within a rolling one-year period, or any three violations of Rule 514.A.6., 7., 8., and/or 9., within a rolling five-year period, any subsequent alleged violation under Part A. of this rule within such period shall be reviewed by the Market Regulation Department to determine whether to forward the alleged violation to a Panel of the Floor Conduct Committee for adjudication or to investigate and refer the matter to the Probable Cause Committee for review. Notwithstanding the above, the Market Regulation Department may, at any time, refer matters that it deems egregious to the Probable Cause Committee.

515. REGISTRATION AND IDENTIFICATION OF BROKER ASSOCIATIONS

515.A. Definitions

1. Floor Brokerage Activity — The execution or pre-execution handling of orders on the trading floor.
2. Broker Association — A broker association shall include the following associations between two or more members with trading floor access privileges, at least one of whom is engaged in floor brokerage activity:
 - a. Revenue Sharing Association: Associations between members who:
 - i. share profits or losses associated with their brokerage and/or error account activity; and/or
 - ii. have an employer and employee relationship which relates to floor brokerage activity;
 - b. Non-Revenue Sharing Association: Associations between members who:
 - i. regularly share a deck of orders; and/or
 - ii. share employee salary expenses.
 - c. Any other group or combination deemed by the Exchange to be a broker association.
3. Principal of a Revenue Sharing Association — Each individual who has formal or de facto control over the affairs of, or has a ten percent or greater ownership interest in, a Revenue Sharing Association not owned by a clearing member firm.
4. Spokesperson of a Non-Revenue Sharing Association and Revenue Sharing Associations owned by a clearing member firm — An individual authorized to represent a Non-Revenue Sharing Association or Clearing Firm owned Revenue Sharing Association in connection with its registration obligations set forth in Section B.
5. Investor — An individual who has a direct beneficial interest in a Revenue Sharing Association but is not a principal as defined in A.3. above.

515.B. Registration Requirements

1. A member of a broker association shall not handle or execute an order unless that association has registered with the Exchange.
2. Members or Member Firms must have majority ownership interest in any broker association.
3. Principals involved in floor brokerage activity must have trading privileges in the membership division required for access to the products handled by the members of the association. Principals who are not involved in floor brokerage activity must own a membership in the membership division required for access to the products handled by the members of the association. Notwithstanding the above, principals not regularly involved in floor brokerage activity may hold a membership in any division in circumstances where the association is owned by a Member Firm and such Member Firm owns a membership in the membership division required for access to the products handled by the members of the association.
4. No registered broker association or member thereof shall permit a party to have any direct or indirect profit or ownership interest in a broker association unless such party is registered in the association in accordance with this rule.
5. Registration shall be accomplished by filing the appropriate registration forms with the Market Regulation Department.
6. It shall be the responsibility of the broker association and its principals or spokespersons to ensure that the association is properly registered. Any additions, deletions or other changes to the information already reported must be provided to the Market Regulation Department within two business days after the event giving rise to such changes.

~~7.—The Exchange may request any additional information from a broker association as deemed appropriate.~~

~~515.C.—Prohibition on Sharing of Personal Trading Profits~~

~~Registrants in a broker association may not share profits or losses associated with their personal trading activity by direct or indirect means, except for profits and losses related to brokerage errors.~~

~~515.D.—Supervision~~

~~Each principal of a Revenue Sharing Association must diligently supervise the association's member registrants and non-member employees and may be held directly liable for violations of any rule of the Exchange by such registrants and employees. Regardless of whether the principal is held responsible for the act or acts constituting the violation, each principal is jointly liable for the payment of any fines assessed against another principal, registrant or employee of the association provided that the violation occurred while that person was functioning in his capacity with the association.~~

~~515.E.—Trading Restrictions~~

~~The Exchange may impose limits on the percentage of personal trading and/or brokerage volume that members of a broker association may execute with one another. Violations of such restrictions will result in summary action according to the following schedule on a rolling 24 month period:~~

~~First Occurrence ————— Letter of Warning~~

~~Second Occurrence ————— \$1,000 fine~~

~~Third Occurrence ————— \$5,000 fine~~

~~Subsequent Occurrence \$10,000 fine~~

~~The Exchange may restrict a member of a Revenue Sharing Association from trading for any account such member owns, controls or in which such member has a financial interest opposite other members of the association executing orders. Violation of such restrictions will result in summary action according to the following schedule on a rolling 24 month period:~~

~~First Occurrence ————— Letter of Warning~~

~~Second Occurrence ————— \$500 fine~~

~~Third Occurrence ————— \$1,000 fine~~

~~Subsequent Occurrence \$5,000 fine~~

~~Actions taken pursuant to this section are final and may not be appealed; however members will have 15 days following receipt of notification of the action to present evidence to the Market Regulation Department that administrative, clerical or other errors caused the apparent rule violation.~~

~~Notwithstanding the provisions of this section, the Market Regulation Department may, at any time, refer matters that it deems egregious to the Probable Cause Committee.~~

516. ERROR ACCOUNTS

Each member who acts as a ~~F~~floor ~~B~~broker must maintain a designated error account with his qualifying clearing member into which he places brokerage errors. This requirement shall not apply to a ~~F~~floor ~~B~~broker who initiates trades or enters orders solely on behalf of a member firm's proprietary account.

Each qualifying clearing member which carries an error account agrees, without qualification, to accept and clear the broker's trades involving brokerage errors.

521. [RESERVED] REQUIREMENTS FOR OPEN OUTCRY TRADES

~~In open outcry trading, bidding and offering practices must at all times be conducive to the competitive execution of transactions. All open outcry transactions, including spread and combination transactions, shall be made openly and competitively in the pit designated for the trading of the particular transaction. No bid or offer shall be specified for acceptance by a particular trader. Transactions may take place only at the best price available in the open outcry market at the time the trade occurs.~~

~~It shall be the duty of both traders to confirm their trades as to the price, quantity, commodity, contract month, and, for options, strike price, put or call and expiration month. Confirmation shall take place as soon as possible, but in no event more than 15 minutes after the trade.~~

522. ACCEPTANCE OF BIDS AND OFFERS

In ~~open outcry and~~ electronic trading, while outstanding, all or any part of any bid or offer is subject to immediate acceptance by any trader. Members are required to honor all bids or offers which have not been withdrawn from the market. The price at which a trade is executed shall be binding, unless such trade is cancelled by Exchange officials in accordance with Exchange rules.

527. OUTTRADES, ERRORS AND MISHANDLING OF ORDERS

527.A.—Outtrades Discovered During a Regular Trading Hours Trading Session

~~It shall be the duty of a member discovering an outtrade during a Regular Trading Hours session to immediately notify the opposite trader. Thereafter, if the matter cannot be resolved between the parties, they shall immediately determine who will cover the trade and the trade shall immediately be covered.~~

527.B.—Outtrades Discovered After a Regular Trading Hours Trading Session

A clearing member that is unable with diligent effort to resolve an outtrade with another clearing member shall notify the member who executed the trade. Such notice shall be given prior to the following day's Regular Trading Hours session in sufficient time to allow the member to make provisions for the resolution of the outtrade.

Outtrades discovered after a Regular Trading Hours session shall be resolved between the parties to the outtrade as provided in this rule, no later than the opening of trading of the next Regular Trading Hours session.

527.C.—Outtrades Resolution

To resolve an outtrade, the parties shall attempt to agree upon: (1) the reconciliation of any discrepancy in the terms of the trade, (2) which party will cover the trade and the method for covering the trade, if applicable, and (3) the apportionment of the financial results of the outtrade. In the event the parties are unable to agree on the apportionment of the financial results, the parties must nevertheless immediately reconcile the outtrade. Outtrades shall clear in accordance with the seller's recorded terms unless the parties to the outtrade agree to break the trade or agree to accept the trade in accordance with the buyer's recorded terms.

The price at the time of the open of the next Regular Trading Hours session shall fix the limit of liability as a result of the outtrade. Regardless of the ultimate determination of financial responsibility for the outtrade, a party who unreasonably refuses to cover the outtrade via an appropriate alternate market may be liable to the other party for the difference between the price at which the outtrade could have been covered in the alternate market and the price at the time of the open of the next Regular Trading Hours session.

Outtrades shall be resolved in accordance with the procedures below:

1.—Straight Out Customer Outtrades

If a floor broker discovers that all or some portion of a customer order was executed but cannot be cleared, the broker shall either 1) re-execute the order in the market and adjust the customer by check if the re-execution price is worse than the original execution price, or, if the re-execution price is better than the original execution price, the customer is entitled to the better price or 2) assign the opposite side of the portion that cannot be cleared to his error account and assign a fill to the customer at the execution price. The floor broker shall not liquidate the assigned position until at least ten minutes have elapsed after the execution of the order giving rise to the outtrade; however, these liquidation restrictions shall not apply to a liquidation during the post close session. Any profits or losses resulting from the liquidation of the assigned position belong to the floor broker and any such profits may be retained or disbursed at his discretion.

A floor broker who assigns the opposite side of an order pursuant to this rule shall: 1) clearly identify all such transactions by appropriate designation; 2) submit such trade information to his qualifying clearing member in sufficient time to enable the clearing member to submit the trade for the next intra-day reconciliation; 3) document in writing the circumstances surrounding any such transaction and promptly provide such documentation to the Market Regulation Department upon request; and 4) identify the subsequent liquidation of the assigned trade on the floor broker's trading card or other document.

2.—Price Outtrades

When an outtrade exists due to a price discrepancy, members making the trade may choose to resolve the discrepancy by electing either of the two prices in question, if they agree that the trade was executed at that price.

If the members cannot agree on the price of execution, the price recorded by the seller shall be used to clear the trade.

3.—Quantity Outtrades

When an outtrade exists due to a quantity discrepancy, members making the trade may choose to resolve the discrepancy by electing either of the two quantities in question, if they agree that the trade was executed for that quantity.

If the members cannot agree on the quantity that was executed, the quantity recorded by the seller shall be used to clear the trade.

A broker may assign the opposite side of any quantity which he believes that he has executed, but which cannot be cleared, to his error account, pursuant to Section 1 above.

4.—Bona Fide Contract Month, Strike, Put vs. Call and Side of Market (Buy vs. Buy or Sell vs. Sell) Outtrades

When an outtrade exists due to a contract month, strike price, side of market, or put/call discrepancy, and any party who executed a customer order believes that the order was executed in accordance with its instructions, the outtrade may be resolved in any one of the following ways:

a.—The trade may be busted. If a broker re-executes his order, any losses incurred by the customer as a result of the delay in execution must be adjusted by check. If the order is executed at a more favorable price, the customer is entitled to the better price.

b.—The members making the trade(s) may agree to clear either trade or both trades in accordance with the members' recorded trade data.

c.—A broker may assign the opposite side of his order to his error account, pursuant to Section 1 above, and he may agree to the clearing of the transaction according to the terms of the other member's recorded trade data.

d.—If both members involved in the outtrade are brokers, they may each assign the opposite side of their respective orders to their error accounts pursuant to Section 1 above.

A customer shall not be entitled to any portion of any profits realized by a local who was on the opposite side of an outtrade between the local and the customer's broker, as a result of the local's liquidation of his position. Such profits belong to the local, and may be retained or disbursed at his discretion. If the local chooses to disburse any portion of such profits to the broker, and the broker's customer has received a fill in accordance with the broker's recorded trade data, the broker is not obligated to offer such profits to his customer.

Nothing herein shall in any way limit a member's right to submit an outtrade to Exchange arbitration if the outtrade cannot be resolved by agreement.

527.D.—Errors and Mishandling of Orders

If a broker overbuys or oversells for an order, the customer is not entitled to any of the quantity executed in excess of the order quantity. A position that has been established as a result of an erroneous execution or mishandling of an order must be placed in the error account of the broker or firm responsible for the error or order mishandling. Any profits resulting from the liquidation of trades placed in a broker's or firm's error account belong to the relevant broker or firm, and any such profits may be retained or disbursed at the broker's or firm's discretion.

1. Unfilled or Underfilled Orders

If a broker fails to execute an order or underbuys or undersells for an order, the broker shall do one of the following:

a. Execute the order or the remainder of the order in the market and adjust the customer by check if the customer is filled at a price less favorable than that to which he was entitled due to the broker's error or mishandling of the order. If the order is filled at a more favorable price, the customer is entitled to the better price.

b. Execute the order or the remainder of the order in the market. If the order, or the remainder of the order, is filled at a worse price than that to which the customer was entitled but for the error or mishandling, the broker may allocate the fill to his error account, pursuant to Section C.1. above, provide the customer a fill at the price to which the customer was entitled, and place the opposite side of the customer fill into his error account. If the order is filled at a more favorable price, the customer is entitled to the better price.

2. Wrong Contract Month, Wrong Strike, or Wrong Commodity Executions

When an order has been executed in the wrong contract month, wrong strike price, or wrong commodity, and the erroneous transaction has been placed in the relevant broker's or firm's error account, the error may be corrected by one of the following:

a. Execution of the order in accordance with its terms, with an adjustment to the customer by check if the order is executed at a worse price as a result of the error or mishandling of the order.

b. Execution of a spread or combination transaction to execute the order and liquidate the position arising from the initial erroneous execution of the order, whereby one leg of the spread or combination transaction represents the correct execution of the order and the other leg offsets the erroneous position in the broker's or firm's error account. The broker or firm must clearly identify such transactions by appropriate designation, clearly document in writing the circumstances surrounding the nature of the error and promptly provide such documentation to the Market Regulation Department upon request.

3. Wrong Side of Market Executions

When an order has been executed on the wrong side of the market and the erroneous execution has been placed in the relevant broker's or firm's error account, the order shall be executed in accordance with its terms, with an adjustment to the customer by check if the order is executed at a worse price as a result of the error or mishandling of the order.

528. ~~[RESERVED]PRICE REPORTING~~

~~Parties to a pit transaction shall properly notify the designated Exchange official of the price at which trades have been consummated. Both parties to a pit trade are required to ensure that such price is properly posted.~~

~~Whenever a member makes a trade with another member and such trade constitutes a price infraction, he shall 1) immediately break the trade; or 2) satisfy all bids or offers which were adversely affected; or 3) adjust the price of the trade to the price which existed when the price infraction occurred, provided that both parties agree to adjust the price and the terms of any affected orders are satisfied.~~

530. PRIORITY OF CUSTOMERS' ORDERS

A member shall not buy (sell) a futures contract, buy (sell) a call option or sell (buy) a put option for his own account, an account in which he has a direct or indirect financial interest, or an account over which he has discretionary trading authority when he is in possession of an executable order for another person to buy (sell) a futures contract, buy (sell) a call option or sell (buy) a put option in the same product, regardless of the venue of execution. All contract months in a given futures product and all options on the futures product, in addition to any corresponding alternative sized (mini or micro) futures or options contracts on a given product, shall be considered the same product for the purposes of this rule.

The foregoing shall not apply to DRT orders provided that the customer has previously consented in writing and evidence of such general consent is indicated on the order with the "WP" (with permission) designation. In the case of a ~~F~~floor ~~B~~broker holding a discretionary order for an account described in Rule 547, a "WP" designation on the order shall constitute sufficient evidence of prior consent.

[The remainder of the Rule is unchanged.]

531. TRADING AGAINST CUSTOMERS' ORDERS PROHIBITED

531.A. General Prohibition

No person in possession of a customer order shall knowingly take, directly or indirectly, the opposite side of such order for his own account, an account in which he has a direct or indirect financial interest, or an account over which he has discretionary trading authority.

531.B. Exceptions

The foregoing restriction shall not apply to the following:

1. Transactions executed in accordance with Rule 527 to resolve bona fide ~~outtrades or~~ errors;
2. Transactions executed pursuant to Rule 538;
3. Block trades executed pursuant to Rule 526; ~~and~~
4. On the Globex platform, a person may knowingly trade against his customer order for his own account, an account in which he has a direct or indirect financial interest, an account over which he has discretionary trading authority, or a proprietary

account of his employer, only if the customer order has been entered immediately upon receipt and has first been exposed on the Globex platform for a minimum of 5 seconds in the case of futures orders or for a minimum of 15 seconds in the case of options orders; ~~and.~~

~~5. If the transaction was pit traded, a person may knowingly trade against his customer order for his own account, an account in which he has a direct or indirect financial interest, an account over which he has discretionary trading authority, or a proprietary account of his employer, only if: (i) the customer has consented in writing to waive the application of Rule 531.A. no more than 12 months prior to the transaction; (ii) the member complies with the requirements set forth in Rule 533; (iii) the member clearly identifies, by appropriate descriptive words, all such transactions, and (iv) the member ensures that it is reported to Exchange price reporting staff for entry into the Exchange Price Reporting System as a cross-trade.~~

532. DISCLOSING ORDERS PROHIBITED

With the exception of transactions executed in accordance with the requirements of Rules 526, 538 and 539, no person shall disclose another person's order to buy or sell except to a designated Exchange official or the CFTC, and no person shall solicit or induce another person to disclose order information. ~~An order for pit execution is not considered public until it has been bid or offered by open outcry.~~ No person shall take action or direct another to take action based on non-public order information, however acquired. The mere statement of opinions or indications of the price at which a market may open or resume trading does not constitute a violation of this rule.

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. Failure to identify the transaction to Exchange price reporting staff as a cross trade 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.

535. RESPONSIBILITY OF PERSONS ACTING IN A REGISTERED CAPACITY IN THE TRADING ANNEX FLOOR TRADERS AND FLOOR BROKERS

~~Any member acting in a registered capacity under the Commodity Exchange Act in the Trading Annex~~ Every floor trader and floor broker shall assist his clearing member in the clearing of his trades. ~~Any such member~~ Every floor trader and floor broker must leave contact information with the clearing member through which or for which he has traded in order that he may be contacted during the balance of the day in the event there is a discrepancy in the clearing of his trades.

~~Each floor trader and floor broker or his designated representative must be available on the trading floor to resolve outrades in contracts in which he executed trades on the previous day no later than 30 minutes prior to the opening of the relevant market (or at such other times as may be designated by Exchange officials). If the trader or broker or his designated representative is not present during such period, the clearing member through which or for which the trader or broker has traded shall be authorized to resolve any outrade in the manner it deems appropriate, but such resolution shall not be determinative of the liability of any party to the outrade.~~

536. RECORDKEEPING REQUIREMENTS FOR PIT, GLOBEX, AND NEGOTIATED TRADES

~~536.A. RESERVED~~ General Requirements for Open Outcry Pit Trades

~~At the time of execution, it shall be the duty of every member to record each trade on an approved electronic device or on pre-printed, sequentially pre-numbered trading cards in exact chronological order of execution. If recorded on trading cards, trades must be recorded on sequential lines of the card, and no lines may be skipped except that a member may use additional consecutive lines to record sufficient information concerning a particular trade type, including, but not limited to, spreads, exchange of futures or options for related positions and cabinet trades. Any lines that remain after the last execution recorded on the trading card must be marked through. No more than nine transactions may be recorded on each trading card. Every member must record the date, price, quantity, product, expiration month, opposite trader, time of execution to the nearest minute and, for options, put or call and strike price on the trading card or into the approved electronic device. Additionally, the trader must record a symbol which reflects whether the member was trading i) for his own account or an account controlled by such member, ii) for the proprietary account of his clearing member, iii) for another member present on the trading floor or for an account controlled by such other member, or iv) for any other account. Trades or order executions must either be recorded on an approved electronic device, or, if recorded on trading cards, in non-erasable ink. Members using trading cards must use a new card at the start of each half-hour interval and at the start of the post settlement session.~~

~~Members must designate on the trading card whether such trade is a spread trade.~~

~~A member may correct any errors on written trading records by crossing out erroneous trade information without obliterating or otherwise making illegible any of the originally recorded information.~~

~~The seller or his designated representative ("the seller") must enter the trade into the clearing system within 30 minutes of execution. The seller must enter the material terms of the trade, including the information required in the first paragraph of this subsection, including the time of execution. Within 60 minutes of execution, the buyer or his designated representative ("the buyer") must review the seller's entry of the trade and affirmatively note any disagreement with any of the terms of the trade and enter a time of execution to the nearest minute except in a circumstance in which the buyer does not know the trade. The seller must allocate the trade to the correct clearing firm(s) within 30 minutes of the execution of the trade unless the trade will clear at the seller's qualifying clearing member firm. The buyer must allocate the trade to the correct clearing firm(s) within 60 minutes of the execution of the trade unless the trade will clear at the buyer's qualifying clearing member firm, however the buyer may not allocate a trade until the seller has entered the trade into the clearing system.~~

~~The original copy of trading cards must be submitted to the Exchange no later than 15 minutes after the end of each half-hour interval or the end of the closing range, whichever is earlier.~~

~~In addition, each member must maintain, and is accountable for, documents on which original trade information is recorded.~~

~~Trades that are not recorded contemporaneously due to an error or an outtrade shall be recorded on the next available line of a member's pre-printed, sequentially numbered trading card or on a new trading card, and such trades must be denoted as being out-of-sequence.~~

~~1.—Customer Orders~~

~~At the time of execution, every order received from a customer must be in the form of a written or electronic record and include an electronic timestamp reflecting the date and time such order was received on the floor of the Exchange and, except as provided in Section C., must identify the specific account(s) for which the order was placed. Such record shall also include an electronic timestamp reflecting the date and time such order was modified, returned, confirmed or cancelled.~~

~~2.—Individual Member Orders~~

~~a.—A member on the trading floor who enters an order with another member shall record the order instructions and the time of placement to the nearest minute in sequence with the other trades recorded on his pre-sequenced trading cards, unless such order is immediately entered into an approved electronic device or recorded pursuant to Section 2.b. below. Orders that involve options-futures combinations and other spread trades where the initiating member personally executes at least one leg of the spread shall not be subject to this requirement.~~

~~b.—Every written order that is initiated by a member for his own account while on the trading floor must include an electronic timestamp reflecting the date and time such order was transmitted for execution and when such order was modified, returned, confirmed or cancelled.~~

~~3.—Proprietary Orders of Clearing Members and Certain Member Entities~~

~~Upon receipt on the floor of the Exchange, an order placed for the proprietary account of a member firm must be in the form of a written or electronic record that includes an electronic timestamp reflecting the date and time such order was received on the floor and must identify the specific account(s) for which the order was placed. Such record shall also include an electronic timestamp reflecting the date and time such order was modified, returned, confirmed or cancelled.~~

[Section B. is unchanged.]

536.C. Bunched Orders and Orders Eligible for Post Execution Allocation

Bunched orders must be allocated and recorded in accordance with CFTC Regulation 1.35(b) and the NFA's Interpretive Notice related to Compliance Rule 2-10.

~~A bunched order for pit execution does not require the specific account number to be recorded at the time of order placement or upon the report of execution provided that 1) the order is being placed by an account manager for multiple accounts eligible for post execution allocation or 2) a written, pre-determined allocation scheme has been provided to the futures commission merchant accepting or clearing the order prior to the time the order has been placed. Additionally, at the time of receipt on the trading floor, bunched orders that do not contain specific account numbers must contain a series, group, or suspense account indicator which relates directly to the group of accounts for which the order has been placed. A bunched order may be initially cleared into a suspense account provided that the final account-specific allocations are submitted to the clearing system no later than the end of each trading day.~~

With respect to bunched Globex orders, such orders may be entered using a series designation or suspense account number provided that 1) the order is being placed by an account manager for multiple accounts eligible for post execution allocation or 2) a written, pre-determined allocation scheme that defines the series has been provided to the futures commission merchant accepting or clearing the order prior to the time that such order is entered. In the latter case, if such information has not been provided to the futures commission merchant prior to the time of order entry, each specific account number must be entered into Globex. Additionally, for all such bunched orders executed on Globex, the final account specific allocations must be submitted to the clearing system no later than the end of each trading day.

Bunched orders for non-discretionary accounts may be entered either for pit execution or through Globex; however, only the following order types may be bunched: Market on Open, Market on Close, same priced Limit Orders and same priced Stop Orders. Such non-discretionary orders may only be bunched in the following instances:

- a. Each order underlying the bunched order must be reduced to writing and include the information required pursuant to Section A.1. above;
- b. Allocation of the executions for the bunched orders must be fair and equitable in accordance with the NFA's Interpretive Notice related to Compliance Rule 2-10; and
- c. In circumstances where the order is bunched in a member firm's sales office, the party accepting the order must, contemporaneously with the order placement, transmit the individual account numbers and quantities associated with the

bunched order to the clearing member firm. Such transmission shall be maintained by the clearing member firm along with the bunched order.

536.D. Customer Type Indicator (CTI) Codes

Each clearing member must identify each transaction 1) ~~executed on the trading floor, 2)~~ executed on the Globex platform or ~~23)~~ privately negotiated as a block trade pursuant to Rule 526 or an EFRP pursuant to Rule 538 on the record of the transaction submitted to the Exchange with the correct customer type indicator (CTI) code. The CTI codes are as follows:

CTI 1: Electronic Trading, ~~Open Outcry~~ and Privately Negotiated – Applies to transactions initiated and executed by an individual member for his own account, for an account he controls, or for an account in which he has an ownership or financial interest. However, transactions initiated and executed by a member for the proprietary account of a member firm must be designated as CTI 2 transactions.

CTI 2: Electronic Trading, ~~Open Outcry~~ and Privately Negotiated – Applies to orders entered or trades executed for the proprietary accounts of a member firm.

CTI 3: Electronic Trading – Applies to orders entered by a member or a nonmember terminal operator for the account of another individual member or an account controlled by such other individual member.

CTI 3: ~~Open Outcry and~~ Privately Negotiated – Applies to orders that a member executes on behalf of another individual member, or for an account such other member controls or in which such other member has an ownership or financial interest.

CTI 4: Electronic Trading, ~~Open Outcry~~ and Privately Negotiated – Applies to all orders and transactions not included in CTI categories 1, 2 or 3. These typically are orders entered by or on behalf of nonmember entities.

[Section E. is unchanged.]

536.E. Negotiated Trades

~~All orders executed in accordance with Rules 526 and 538, unless otherwise exempted by rule, are subject to the recordation requirements pursuant to Section A.1.~~

~~At the time of execution, every order received from a customer for execution pursuant to Rule 526 ("Block Trades") and Rule 538 ("Exchange for Related Positions") must be in the form of a written or electronic record and include an electronic timestamp reflecting the date and time such order was received in the Trading Annex, and must identify the specific account(s) for which the order was placed. Such record shall also include an electronic timestamp reflecting the date and time such order was modified, returned, confirmed or cancelled.~~

536.F. Violations

1. Audit Trail Violations

A Member's failure to comply with any provision of this rule may result in the imposition of summary penalties by the Market Regulation Department.

A letter of warning may be issued for a first infraction. Subsequent infractions within a rolling 12-month period shall result in automatic fines starting at \$1,000, and then increasing to \$2,500 and \$5,000 for each subsequent infraction. Fifth and subsequent offenses within a 12 month period will be referred to the Probable Cause Committee by the Market Regulation Department.

A member will have 15 days after receipt of a letter of warning or a fine to present evidence to the Market Regulation Department in support of having the letter of warning or fine dismissed. If the member does not submit such evidence, or if the Market Regulation Department determines that the evidence submitted is insufficient to warrant a rescission, the letter of warning or fine shall be final and may not be appealed.

2. Floor Order Ticket Reviews

~~The Market Regulation Department will conduct reviews of clearing member firms, member firms and floor brokerage operations to verify that order tickets are being prepared in compliance with the requirements of this rule. Compliance rates of 89% or lower may result in the following sanctions:~~

~~Initial Review:~~

~~89-80% ————— \$500
79-70% ————— \$1,000
69-60% ————— \$1,500
59% and Below — \$2,500~~

~~Second Review:~~

~~89-80% ————— \$1,000
79-70% ————— \$2,000
69-60% ————— \$3,000
59% and Below — \$5,000~~

~~Third and Subsequent Reviews:~~

~~89-80% ————— \$2,500~~

Special Executive Report S-7819

December 12, 2016

Page 21 of 32

79-70% ————— \$5,000

69-60% ————— \$7,500

59% and Below ——— \$10,000

~~Fines issued pursuant to this section are final and may not be appealed. A clearing member firm, member firm or floor broker will have 15 days after receipt of a fine to present evidence to the Market Regulation Department in support of having the fine rescinded. If the clearing member firm, member firm or floor broker does not submit such evidence, or if the Market Regulation Department determines that the evidence submitted is insufficient to increase the compliance rates above 89%, the fine shall be final and may not be appealed.~~

~~Fourth and subsequent violations within 24 months may result in referral to the Probable Cause Committee for the issuance of charges.~~

Notwithstanding the provisions of this Section, the Market Regulation Department may, at any time, refer matters that it deems egregious to the Probable Cause Committee.

~~536.G. —RESERVED~~ Telephone Recordings

~~Unless specifically exempted by the Market Regulation Department or designated Exchange staff, all headset communications used in and around trading pits on the trading floor must be voice recorded by the Exchange for a fee.~~

[The remainder of the Rule is unchanged.]

540. RESPONSIBILITY FOR CUSTOMER ORDERS

540.A. Standard of Responsibility

A Member (as defined in Rule 400) shall exercise due diligence in the handling and execution of customer orders. Failure to act with due diligence shall constitute negligence. In the case of a dispute as to whether a Member has exercised due diligence, the appropriate arbitration or disciplinary committee is authorized to determine whether the Member was negligent and, if so, whether an adjustment is due to the customer. The committee may take into consideration the nature of the order and existing market conditions, ~~including the existence of a "fast market" (a designation invoked to reflect rapid price changes and volatile market conditions in the pit),~~ at the time the Member acted or failed to act. However, no market condition nullifies a Member's responsibility to exercise due diligence.

A Member is prohibited from directly or indirectly guaranteeing the execution of an order or any of its terms such as the quantity or price. A Member may only report an execution that has ~~occurred as a result of open outcry,~~ has been effected through the Globex platform, or has been executed as a permissible privately negotiated transaction. This rule shall not be construed to prevent a Member from assuming or sharing in the losses resulting from an error or the mishandling of an order.

[The remainder of the Rule is unchanged.]

~~544.-546.~~ **[RESERVED]**

~~546. — OPENING AND CLOSING RANGES DURING REGULAR TRADING HOURS~~

~~Opening and closing ranges shall be established by Exchange staff in consultation with the Floor Conduct Committee.~~

~~In the event of a disputed opening or closing range or a trade during the opening or closing range that is conspicuously out of line with the market, the final determination of the opening or closing range shall be made by Exchange staff in consultation with the Floor Conduct Committee. A change in the opening range will be allowed only if the request for a change is made within 15 minutes of the posting of the range. A change in the closing range will be allowed only if the request for a change is made within 10 minutes of the posting of the range.~~

548. PRIORITY OF EXECUTION

~~In pit trading, non-discretionary customer orders shall be executed in accordance with their price and time priority.~~ A member shall not execute a discretionary order, including, without limitation, an order allowing the member discretion as to time and price, while in possession of an executable customer order. No person shall allocate executions in any manner other than an equitable manner.

Non-discretionary customer orders received by a Globex terminal operator shall be entered into Globex in the sequence received. Non-discretionary orders that cannot be immediately entered into Globex must be entered when the orders become executable in the sequence in which the orders were received.

~~549.-552.~~ **[RESERVED]**

~~550. — POST CLOSE SESSION~~

~~As soon as practicable, trading may resume for a period of three minutes after the close of Regular Trading Hours for designated pit traded options contracts. Such trading must begin within 15 minutes after the close of Regular Trading Hours unless a later start time is approved by an Exchange Official.~~

~~During the post close session, members are obligated to bid or offer any orders that were received prior to or after the close which are executable in the post close session.~~

~~Outright options and options-only spread and combination trades during the post close session may occur at any price.~~

~~An option spread which includes a futures leg executed during the post close session may occur at any price, provided the futures leg is priced within the daily price limits for futures contracts with price limits.~~

~~The prices at which trades occur during the post close session may establish a new high or low in the outright contract month or spread or combination.~~

~~Except as otherwise specifically set forth in this rule, the rules applicable to trading during Regular Trading Hours shall be applicable to trading during the post close session.~~

~~551-.552.[RESERVED]~~

574. GLOBEX ACCESS RESTRICTIONS

All connections to the Globex system, including direct connections of non-clearing members or customers, must be guaranteed by a clearing member that assumes financial responsibility for all activity through the connection. With respect to transactions given up to other clearing members, such guarantee is effective only until such time that the other clearing member accepts the trade.

All individuals entering non-member customer orders in other than a clerical capacity must have appropriate industryCFTC registration. Non-member customer orders may be entered only from ~~designated areas on the~~ Trading Annex~~floor of the~~ Exchange or from the premises of an entity registered to conduct customer business.

[The remainder of the Rule is unchanged.]

589. SPECIAL PRICE FLUCTUATION LIMITS

The special price fluctuation limits applicable to those contracts with special price fluctuation limits are set forth in the Special Price Fluctuation Limits Table ("Table") in the Interpretations Section at the end of Chapter 5.

Notwithstanding any other provisions of this rule, the GCC may, in its absolute and sole discretion, take any action it determines necessary to protect market integrity. For avoidance of doubt, this authority includes, but is not limited to, modifying or eliminating price fluctuation limits at any time and/or determining whether to halt or not to halt trading. The GCC will promptly issue an alert with respect to actions taken pursuant to this provision.

[Sections A. and B. are unchanged.]

~~589.C. Price Fluctuation Limits on Trading Floor (Floor Trading)~~

~~The special price fluctuation limits cited in Section A. of this Rule shall be applicable to all products in the Table that are traded via open outcry on the trading floor. Trades occurring via open outcry on the trading floor shall not constitute a triggering event for purposes of a temporary trading halt.~~

~~In all instances in which a temporary trading halt in the lead contract month of the primary futures contract occurs on Globex, floor trading in all contract months in any option related to the primary futures contract or in an option contract related to any associated product of the primary futures contract shall be subject to a coordinated temporary trading halt.~~

~~Whenever Globex markets are re-opened with expanded price limits pursuant to the provisions of Section B. of this Rule, the affected markets on the trading floor shall simultaneously re-open with expanded price limits.~~

INTERPRETATIONS & SPECIAL NOTICES

RELATING TO CHAPTER 5

ACCESS, CONDUCT AND APPEARANCE CODE

~~It is imperative that persons who utilize the Exchange Trading Floors ("trading floor") maintain a proper and businesslike atmosphere on the trading floor. This is not only for the benefit of the thousands of visitors (ranging from U.S. government officials to foreign dignitaries to the general public) who come to the Exchange each year, but also to maintain and enhance the reputation and dignity of the Exchange as an international marketplace.~~

~~Accordingly, the Exchange has established rules governing access to and conduct on the trading floor as well as standards of appearance. These rules and standards apply to members and their employees, member firm employees, Exchange employees and visitors.~~

Access

~~A. To gain access to the trading floor, every member, member's employee, member firm employee, and Exchange employee must use only his own personal access card to gain access to the trading floor. Exchange trading floor employees, other Exchange employees routinely on the trading floor and members must display their personal access card or their Exchange issued identification badge. Non-member employees of members and member firms must display their personal access cards on the upper front of their jackets with the picture side facing outward. Broker assistants must also wear a badge provided by the Exchange that identifies them as broker assistants.~~

~~B. Members are required to register and accompany their visitors and are responsible for their actions while they are on the trading floor. Visitors must wear appropriate attire that is clean and presentable and are not allowed in any pit during trading hours. Visitors' overcoats, packages, umbrellas or briefcases are not permitted on the trading floor.~~

~~C. All visits by public figures to CME Group trading floors, offices and common areas must be approved and coordinated, in advance, by CME Group's Public Affairs or Government Relations Department. Public figures include government officials and representatives, domestic and foreign dignitaries, politicians, celebrities, business leaders and all other high-profile individuals.~~

~~D. Members may not request trading floor access privileges for the same visitor on more than three days of the same calendar month without the permission of designated Exchange staff of the Security Department.~~

~~E. Visitors are prohibited from soliciting employment or from acting as employees of members, member firms or the Exchange on the trading floor.~~

~~F. No one under the age of 16 will be admitted to the trading floor during trading hours.~~

Conduct

~~Commonly accepted standards of propriety and decorum apply to everyone on the trading floor. The following behavior, speech~~

or actions are expressly prohibited on the trading floor.

A. ~~Possessing any weapon (including, but not limited to, firearms, knives, stun guns or pepper spray);~~

B. ~~Carrying or consuming food or drink. Individually wrapped (non-chocolate) hard candy and gum, however, are permissible.~~

C. ~~Reckless throwing of trading cards or any other material;~~

D. ~~Excessive speed in moving around the trading floor;~~

E. ~~Use of emergency exits without proper justification;~~

F. ~~Smoking or use of tobacco products, including chewing tobacco;~~

G. ~~Use of members-only facilities by non-members;~~

H. ~~Failure to give member priority to quotation machines, news tickers, monitors and other facilities where such member priority is so designated;~~

I. ~~Engaging in any activity that is disruptive to trading;~~

J. ~~The sale or solicitation of goods or services without consent of the Exchange;~~

K. ~~Having outer coats or umbrellas on the trading floor;~~

L. ~~Use of cameras or video equipment, unless authorized by the Exchange. Flash photography, however, is never permitted.~~

In addition, the following activities are prohibited anywhere on Exchange premises:

M. ~~Any behavior, speech or actions that are detrimental to the interests and good name of the Exchange (this includes any conduct which is a violation of any local, state or federal law);~~

N. ~~Profanity, vulgarity (including wearing buttons with crude or offensive slogans or pictures) or any speech or action that tends to intimidate, degrade or endanger others;~~

O. ~~Defacing or otherwise damaging: 1) an Exchange-issued badge or jacket; 2) Exchange facilities or property; or 3) any facility or property regardless of ownership;~~

P. ~~Possessing a firearm or other weapon;~~

Q. ~~Discarding refuse on escalators or in elevators or in hallways or lobbies; and~~

R. ~~Harassment related to race/color, sex/gender, sexual orientation, age, religion, veteran status, national origin and disability/medical condition is expressly prohibited.~~

III. ~~Appearance~~

A. ~~All apparel should be neat, clean, presentable and in keeping with the businesslike atmosphere of the trading floor.~~

B. ~~Jackets: Where required, every member, member's employee, member firm employee and Exchange trading floor employee must wear a jacket provided by the Exchange or their employer, or, in the case of members, a jacket of their own choosing. All jackets must conform to Exchange standards. Guests may not wear trading jackets on the trading floor during trading hours.~~

C. ~~Shirts: All men must wear shirts with a collar suitable for a necktie or bow tie. Shirts must be buttoned to at least the second button from the collar. Golf-type shirts are permitted. Shirttails must be tucked in. Turtleneck sweaters are not allowed for men. Crewneck sweaters are allowed if a conventional collar suitable for a necktie or bow tie is visible. Sweatshirts, tie-dye shirts and T-shirts are prohibited.~~

D. ~~Shoes: Shoes must be clean, safe and not torn or frayed. The following footwear is specifically prohibited: all shoes without backs, canvas slippers, moccasins, rubber boots, rubber overshoes, clogs, bedroom slippers, and shoes with platforms over 2 inches. All shoes must be tied with laces or appropriately fastened.~~

E. ~~Pants: The following pants are specifically prohibited: blue jeans, shorts and sweat pants. Tight-fitting stretch pants are allowed only when worn with blouse or shirt at mid-thigh or lower.~~

F. ~~Skirts and dresses: Skirts and dresses must reach mid-thigh or lower.~~

G. ~~Headwear: All headgear or head coverings are prohibited, except for religious or medical reasons.~~

H. ~~Miscellaneous: The following are specifically prohibited: sunglasses, ornaments, pendants or similar items that are distracting or unbusinesslike. Clothing or accessories that draw unusual attention will be deemed unbusinesslike and not permitted on the trading floor.~~

IV. ~~Drug and Alcohol Abuse~~

In order to maintain a safe, healthful, and productive working environment, the Exchange has established the following policy prohibiting drug and alcohol use on Exchange premises.

The following activities are prohibited and may result in disciplinary action, including immediate and permanent bar of access to Exchange premises:

~~— A. Possession of open containers or use of alcohol, except as expressly authorized by the Exchange.~~

~~— B. Being under the influence of alcohol on Exchange premises.~~

~~— C. Use, sale, purchase, transfer, or possession of any illegal drug on Exchange premises.~~

~~— D. Failure on the part of non-members to submit to a reasonable search by authorized Exchange personnel of lunch boxes, bags, parcels, packages, purses, briefcases, pockets or coats, etc.~~

Members and Member Firms are responsible for their employees' strict adherence to these requirements.

QUOTATION CHANGES

I. ~~GENERAL PROCEDURES~~

~~A. Corrections requested up to 15 minutes from the time the bid, offer or trade occurred or reportedly occurred: Changes must be authorized by a member of the Pit Committee or an Exchange Official.~~

~~B. Corrections requested more than 15 minutes from the time the bid, offer or trade occurred or reportedly occurred: Changes must be authorized by:~~

~~1. 15-30 Minutes: A member of the Pit Committee and one Exchange Official.~~

~~2. Over 30 Minutes: A member of the Pit Committee, a member of the Floor Conduct Committee and a Senior Exchange Official.~~

~~C. Unanimous Approval Required: Unanimous approval among the individuals participating in the quote change consideration is required to effectuate the requested change. In the absence of unanimity, the proposed quote adjustment shall not be made.~~

~~D. A request for a quote change which results in a new high or low for the day must be made within 10 minutes of the time the bid, offer or trade occurred or reportedly occurred.~~

~~A request for a quote change which affects an established opening range must be made within 15 minutes after the posting of the range, or, in the case of a request for a quote change which affects an established closing range, within 10 minutes of the posting of the closing range. Such requests shall be considered by a member of the Pit Committee, a Floor Conduct Committee member and a Senior Exchange Official. Failure to make such a timely request will bar consideration of the quote change. The time limitations described in this Section D will not apply in the case of options strikes deemed by a Senior Exchange Official to be inactive or illiquid or in the case of a fast market designation. These requests may be considered by a member of the Pit Committee, a Floor Conduct Committee member and a Senior Exchange Official at any time during the same day's trading session.~~

~~E. A decision to adjust a quote must be made within 15 minutes after a quote change request has been made. However, in the event a fast market has been declared while the quote adjustment is under consideration, the period for consideration may continue for 15 minutes after the end of the fast market. To the extent practicable, quote change adjustments shall be announced to the pit.~~

~~F. Reconsideration: Once a request for a particular quote change has been resolved, or if no decision is reached within the allotted time pursuant to paragraph 5 above, a subsequent request for reconsideration involving the original quote or adjustment may be considered if a Senior Exchange Official deems that new relevant information pertaining to the original request is now available. Such request for reconsideration must be considered by the same individuals who ruled on, or failed to reach a timely resolution of, the original request. In the event one or more of the individuals who participated in the consideration of the original quote change request is unavailable to consider the request for reconsideration, a Senior Exchange Official shall designate a substitute. However, this reconsideration process may not be utilized for a correction involving a quote change which results in a new high or low for the day, with the exception of option strikes deemed by a Senior Exchange Official to be inactive or illiquid, or in declared fast markets.~~

~~G. Requests for Next Day Corrections~~

~~If an outright options or options spread or combination quote has been inadvertently omitted from the price reporting system and such omission is not discovered until after the trading session, trades may be allowed to clear at the omitted price at any time prior to the opening of the affected market the next day, provided that all of the following requirements are satisfied:~~

~~1. The parties to the trade can reasonably show that they properly reported the trade price and had a reasonable basis for believing that the trade price would be posted;~~

~~2. The parties to the trade produce documentation of: a) the contemporaneous recordation of the trade; b) the confirmation of the trade to the customer of the member firm representing the order; and c) the submission of the trade to the Exchange Clearing House and its failure to clear the trade due to a price edit;~~

~~3. The change is authorized by a Senior Exchange Official; and~~

~~4. The change is documented pursuant to Section II.B below.~~

II. ~~DOCUMENTATION NEEDED FOR QUOTATION CHANGES~~

~~A. In the case of quote changes requested pursuant to Section I.A., a record shall be made of all committee members or Exchange employees approving the quote change and the change will be recorded on Time and Sales.~~

~~B. In the case of quote changes requested pursuant to Section I.B.1., a hard copy record of the quote change shall be made by Exchange staff. The individuals approving the change shall promptly sign the record. The record shall be time-stamped upon request and again upon approval and shall include the reason for the change, and, in the case of a quote change requested pursuant to Section I.B.2., the reason for the delay. For all approved quotation changes other than next day corrections pursuant to Section I.G above, the quotation change will be recorded on Time and Sales.~~

III. ~~CONFLICTS OF INTEREST~~

~~No individual may authorize any quotation change, insertion or cancellation if such individual has a personal or financial interest in such change, insertion or cancellation.~~

IV. ~~AUTHORITY OF SENIOR EXCHANGE OFFICIALS WITH RESPECT TO QUOTATION CHANGES~~

~~Senior Exchange Officials may review and authorize any request for a quotation change in circumstances where the individuals specified in Sections I and II are otherwise not available or where the change is not encompassed by Section I or II. Notwithstanding the procedures set forth in Sections I and II, Senior Exchange Officials are empowered to authorize or deny any~~

~~requested change only in circumstances where such action is necessary to ensure the integrity or promote the orderly functioning of the market. Such decisions by Senior Exchange Officials shall be documented and signed by the Senior Exchange Official and except for next day corrections pursuant to Section I.G above, the quotation change will be recorded on Time and Sales.~~

Chapter 6

Arbitration

600. DISPUTES SUBJECT TO NYMEX ARBITRATION

600.A. Disputes Among Members

It is contrary to the objectives and policy of the Exchange for members to litigate certain Exchange-related disputes. Disputes between and among members that are described below and that are based upon facts and circumstances that occurred at a time when the parties were members shall be subject to mandatory arbitration in accordance with the rules of this Chapter: 1. claims between members that relate to or arise out of any transaction on or subject to the rules of the Exchange; 2. claims between or among members relating to ownership of, or interests in, trading rights on the Exchange; and 3. claims between members relating to the enforceability of: a. non-compete clauses to the extent they relate to the Exchange, b. terms of employment ~~on the Trading Annex floor~~, and c. financial arrangements relating to the resolution of error trades in Exchange products that are included in any employment agreement. Nothing in this rule, however, shall require a member employee to submit to arbitration any claim that includes allegations of a violation of federal, state or local employment discrimination, wage payment or benefits laws.

600.B. ~~[RESERVED] Disputes Between Members and Certain Non-Member Employees~~

~~The enforceability of the following provisions of an employment agreement between a member and a non-member employee registered pursuant to Rule 630 shall be subject to mandatory arbitration in accordance with the rules of this Chapter: 1. non-compete clauses to the extent that they relate to the Exchange; and 2. terms of employment on the trading floor. Nothing in this rule, however, shall require a non-member employee to submit to arbitration any claim that includes allegations of a violation of federal, state or local employment discrimination, wage payment or benefits laws. A non-member employee shall mean a member's bona fide employee who has been registered by the Exchange to work on the trading floor.~~

[Section C. is unchanged.]

600.D. Permissive Arbitrations

The following may be submitted for arbitration at the Exchange and, in the event such a claim is submitted against a member, that member is required to arbitrate the dispute under these rules, unless otherwise provided:

1. claims of a customer against a member that relate to or arise out of any transaction on or subject to the rules of the Exchange;
2. claims against an Exchange clearing member and its Globex user pursuant to Rule 588.E., provided that any non-member Globex user has consented to arbitration of the dispute at the Exchange within 21 days of receipt of a claim.
- 3-4. [Reserved]
5. claims of a non-member (other than those claims required to be arbitrated under Rule 600.B) against a member that relate to or arise out of employment ~~on the Trading Annex floor~~;
6. claims by or against an entity whose majority ownership is held by Exchange members and whose principal business relates to activity on or at the Exchange, where the dispute has a material connection to the business or purpose of the Exchange, provided such entity has consented to arbitration of the dispute at the Exchange within 20 days of receipt of a claim; and
7. at the discretion of the Chief Regulatory Officer, any claim involving the interests of the Exchange, its members, their business relations or commodity futures trading in general not otherwise arbitrable under these rules, provided the parties have consented to such arbitration.

[The remainder of the Rule is unchanged.]

601. CUSTOMER CLAIMS AGAINST MEMBERS

601.A. Definitions

[Section 1. – 3. are unchanged.]

4. Member. Member as used in this Chapter shall mean 1) members and clearing members of the Exchange, including ~~retired members with floor access privileges and~~ individuals and entities described in Rule 106; 2) associated persons ("APs") and affiliates of clearing members of the Exchange; 3) guaranteed introducing brokers of clearing members of the Exchange and their APs; and 4) individuals and entities that have agreed in writing to comply with the rules of the Exchange.

[The remainder of the Rule is unchanged.]

618. SATISFACTION OF AWARD

A party directed to pay an award shall submit payment of the amount due directly to the party receiving the award. An arbitration award must be satisfied within 15 days of receipt of the notice of decision. If a request is made to correct an award pursuant to Rule 617, the award must be satisfied within 15 days of receipt of the corrected notice of decision.

A party making payment must submit proof of payment to the Market Regulation Department no later than the business day following payment. An individual member who fails to provide proof of payment within the time prescribed will forfeit the following privileges until proof of payment has been provided: 1) access to all CME Group markets; 2) access to the Globex platform; and 3) access to any other electronic trading or clearing platform owned or controlled by CME Group. An entity

member that fails to provide proof of payment within the time prescribed will forfeit preferred fee treatment for its proprietary trading. Any member that fails to pay an arbitration award within the time prescribed may be subject to sanctions pursuant to Rule 432.R and may be immediately removed from any trading floor or facility owned or controlled by CME Group.

Chapter 8

Clearing House and Performance Bonds

813. DAILY SETTLEMENT PRICE

Daily settlement prices shall be determined each business day for each product pursuant to one or more of the procedures set forth below. The settlement price shall be a price consistent with the minimum tick increment for the product; if the calculated settlement price is not a standard tick increment, the calculated settlement price will be rounded either to the nearest tick or to the tick closer to the previous day's settlement price. The procedure used to determine the settlement price of a product will depend on the product group, level of activity and liquidity during the defined settlementclosing time period, and the trading venue(s) used to derive the settlement. To the extent that any members participate in the creation of settlement prices, they agree to assign and transfer to the Exchange any and all right, title and interest in and to the settlement prices, including, but not limited to, all copyright in the settlement prices.

1. ~~[Reserved]Midpoint of the Closing Range: In products that use this procedure, the first trade and all subsequent trades, higher bids and lower offers that are quoted during the established closing time period will be included in the closing range. The midpoint of the high and low quotes in the closing range will be the settlement price. If no trade occurs during the defined closing period, the last quote of the day (trade, higher bid, lower offer) will be the settlement price. In the event there are no valid quotes during the day, the settlement price will be the prior day's settlement price.~~

2. Volume-Weighted Average Price (VWAP) of the Closing RangeSettlement Period: In products that use this procedure, all outright trades that occur during the defined settlementclosing time period are utilized to calculate the VWAP for specified contract months and the VWAP will be the settlement price. ~~If the open outcry venue is used to determine the settlement price, the VWAP may be estimated.~~ The calculated or estimated VWAP of relevant spread trades that occur during the settlementclosing time period may be used to determine the settlement price of deferred or less actively traded contract months in products that use this procedure.

3. Bid/Ask Midpoint at the Settlement or during the Settlement PeriodClose: In products that use this procedure, the midpoint of the bid/ask at the defined settlementclosing time or during the defined settlement period will be the settlement price.

4. Option Settlements: Option settlements are derived from available market information including, but not limited to, outright trades, bids or offers during the settlement periodclose, relevant spread trades, bids or offers during the settlement periodclose, the settlement price of the underlying future and relevant relationships based on option pricing theory using option pricing models employed by the Exchange.

5. For all contract months not determined by one of the methods set forth above or pursuant to Section 6 below, relevant spread relationships between contract months will be used to derive the settlement.

6. In the event the Exchange determines that the settlement price derived by one of the methods set forth above is not an accurate representation of the relevant market, the Exchange may determine the settlement price based on other market prices, including settlement prices for similar contracts trading on other exchanges.

7. For all products that are settled with the delivery of, or by reference to, the same underlying instrument but which are offered in alternative contract sizes (mini or micro), a single settlement price will be applicable to all such contracts, with necessary adjustments made to round to the nearest tradable price increment eligible in all such contracts.

8. For contracts cleared through ClearPort Clearing that are not otherwise settled by one of the methods set forth above, staff shall determine settlement prices for such contracts based upon a consideration of relevant market data, including, but not limited to, trading activity in relevant~~such~~ OTC products, pricing data obtained from OTC market participants, the settlement prices of related products and any other pricing data from sources deemed reliable by Staff. With respect to CDS products, in addition to the foregoing, the Exchange may use a price quality auction in which bids and offers submitted by Members may be "crossed" to effect trades and to establish settlement prices for particular contracts.

9. Notwithstanding the above, if a settlement price in any product, as derived by the normal methodology used for that product, is inconsistent with trades, bids or offers in other months/strikes during the settlement periodclosing range, or other relevant market information, or if there is no relevant market activity, an Exchange official may establish a settlement price that best reflects the true market valuation at the settlement time or during the defined settlement periodof the close.

10. For products cleared by the Clearing House on behalf of another entity, the settlement price shall be determined according to the rules of such entity.

11. Notwithstanding the above, in the case of inaccuracy or unavailability of a settlement price, or if a settlement price creates risk management concerns for the Clearing House, the Clearing House reserves the right to calculate settlement variation using an alternate price determined by the Clearing House.

Chapter 9

Clearing Members

903. RESPONSIBILITY FOR QUALIFIED MEMBERS

[Sections A. – D. are unchanged.]

E. A clearing member may, without prior notice, revoke a member's authorization to trade by written revocation filed with the Membership Services Department. Such revocation shall be effective and the member's qualification to trade shall terminate

when notice of the disqualification is posted ~~on a location determined by the Exchange~~~~the Exchange floor~~. A member shall not appear ~~in upon~~ the ~~Trading Annex~~~~floor of the Exchange~~ until he has been requalified.

[The remainder of the Rule is unchanged.]

956. DISCRETIONARY, CONTROLLED AND MANAGED ACCOUNTS

[Sections A. and B. are unchanged.]

956.C. Supervision and Trading of Discretionary Trading Accounts

1. Discretionary Trading Account Activity

Each clearing member shall have a supervisory employee (other than the person granted discretionary trading authority) supervising activity in discretionary trading accounts. The supervision shall include, but is not limited to, a review of excessive trading in amount or frequency in relation to account equity. This requirement shall only apply to discretionary trading accounts controlled by an employee of the clearing member or the clearing member's guaranteed introducing brokers.

2. Floor Trading

~~No member shall execute a transaction in the trading pit for an account over which he has discretionary trading authority unless the transactions are for a) family accounts as defined in Section E.1. or b) another member of the Exchange for an account owned by such other member or proprietary accounts of member firms as set forth in Section E.9~~

[The remainder of the Rule is unchanged.]

982. RISK MANAGEMENT

All clearing members must have written risk management policies and procedures in place to ensure they are able to perform certain basic risk and operational functions at all times. At a minimum, the following areas must be considered in the firm's policies and procedures, depending on the firm's size and its business and product mix.

A. Trade Submission and Account Monitoring. Clearing members must have procedures in place to demonstrate compliance in the following areas for trades executed through ~~both~~ electronic platforms ~~and open outcry~~:

1. Monitoring the credit risks of accepting trades, including give-up trades, of specific customers.
2. Monitoring the risks associated with proprietary trading.
3. Limiting the impact of significant market moves through the use of tools such as stress testing or position limits.
4. Maintaining the ability to monitor account activity on an intraday basis, including overnight.
5. Ensuring order entry systems include the ability to set automated credit controls or position limits or requiring a firm employee to enter orders.
6. Defining sources of liquidity for increased settlement obligations.

[The remainder of the Rule is unchanged.]

CME Rulebook

DEFINITIONS

FLOOR BROKER

An ~~Exchange member~~individual who ~~executes orders on the Floor of the exchange for any other person and who~~ is registered as a floor broker under the CEA.

FLOOR TRADER

An ~~Exchange member~~ who ~~trades for his own account on the Floor of the Exchange and~~ who is registered as a floor trader under the CEA.

INTRODUCING BROKER OR IB

A firm or individual that solicits and accepts orders to buy or sell futures or options on futures contracts from customers but does not accept money or other assets from such customers. An IB must be registered with the CFTC, unless exempt from registration pursuant to CFTC Regulations.

PRESIDENT

The ~~P~~resident of the Exchange, or one duly authorized to act in lieu of and with the authority of the President.

Chapter 1

Membership

105. APPLICATION FOR MEMBERSHIP

[Sections A. and B. are unchanged.]

105.C. Application for Floor Broker's or Floor Trader's License

Each membership applicant seeking a ~~F~~floor ~~B~~broker's or ~~F~~floor ~~T~~trader's license shall apply for registration as a ~~F~~floor ~~B~~broker or a ~~F~~floor ~~T~~trader with the National Futures Association. Individuals not accessing the ~~T~~trading ~~F~~floor are not required to obtain ~~F~~floor ~~B~~broker or ~~F~~floor ~~T~~trader registration.

121. MEMBERSHIP PRIVILEGES

Membership in the Exchange entitles the member to certain privileges including the right:

- a. To access the trading floor if properly qualified by a clearing member;
- b. To act as a [Floor Broker](#) and/or [Floor Trader](#) in accordance with Exchange rules; and
- c. To receive member or lessee fee rates in accordance with Exchange requirements.

Chapter 5

Trading Qualifications and Practices

510. REQUIREMENTS FOR MEMBERS AND THEIR EMPLOYEES ON THE TRADING FLOOR

All members and their employees on the trading floor shall satisfy all orientation requirements of the Exchange. All members seeking to act as a [Floor Broker](#), [Floor Trader](#), or in any other capacity requiring registration pursuant to the Commodity Exchange Act, must be registered in accordance with applicable CFTC regulations.

A member shall be prohibited from engaging in activities requiring registration under the Commodity Exchange Act or from representing himself to be a registrant under the Commodity Exchange Act or the representative or agent of any registrant if such member's [Floor Broker](#) or [Floor Trader](#) registration is suspended by the CFTC or if the Exchange has suspended such member's privilege to act as a [Floor Broker](#) or [Floor Trader](#) on the Exchange.

All members registered with the CFTC must report any changes to such status in accordance with applicable CFTC regulations and must promptly notify the Shareholder Relations and Membership Services Department of any such changes.

516. ERROR ACCOUNTS

Each member who acts as a [Floor Broker](#) must maintain a designated error account with his qualifying clearing member into which he places brokerage errors. This requirement shall not apply to a [Floor Broker](#) who initiates trades or enters orders solely on behalf of a member firm's proprietary account.

Each qualifying clearing member which carries an error account agrees, without qualification, to accept and clear the broker's trades involving brokerage errors.

530. PRIORITY OF CUSTOMERS' ORDERS

A member shall not buy (sell) a futures contract, buy (sell) a call option or sell (buy) a put option for his own account, an account in which he has a direct or indirect financial interest, or an account over which he has discretionary trading authority when he is in possession of an executable order for another person to buy (sell) a futures contract, buy (sell) a call option or sell (buy) a put option in the same product, regardless of the venue of execution. All contract months in a given futures product and all options on the futures product, in addition to any corresponding alternative sized (mini or micro) futures or options contracts on a given product, shall be considered the same product for the purposes of this rule.

The foregoing shall not apply to DRT orders provided that the customer has previously consented in writing and evidence of such general consent is indicated on the order with the "WP" (with permission) designation. In the case of a [Floor Broker](#) holding a discretionary order for an account described in Rule 547, a "WP" designation on the order shall constitute sufficient evidence of prior consent.

No person shall enter an order into the Globex platform for his own account, an account in which he has a direct or indirect financial interest or an account over which he has discretionary trading authority, including, without limitation, an order allowing discretion as to time and price, when such person is in possession of any order for another person that the Globex platform is capable of accepting.

535. RESPONSIBILITY OF FLOOR TRADERS AND FLOOR BROKERS

Every [Floor Trader](#) and [Floor Broker](#) shall assist his clearing member in the clearing of his trades. Every [Floor Trader](#) and [Floor Broker](#) must leave contact information with the clearing member through which or for which he has traded in order that he may be contacted during the balance of the day in the event there is a discrepancy in the clearing of his trades.

Each [Floor Trader](#) and [Floor Broker](#) or his designated representative must be available on the trading floor to resolve outrades in contracts in which he executed trades on the previous day no later than 30 minutes prior to the opening of the relevant market (or at such other times as may be designated by Exchange officials). If the trader or broker or his designated representative is not present during such period, the clearing member through which or for which the trader or broker has traded shall be authorized to resolve any outrade in the manner it deems appropriate, but such resolution shall not be determinative of the liability of any party to the outrade.

574. GLOBEX ACCESS RESTRICTIONS

All connections to the Globex system, including direct connections of non-clearing members or customers, must be guaranteed by a clearing member that assumes financial responsibility for all activity through the connection. With respect to transactions given up to other clearing members, such guarantee is effective only until such time that the other clearing member accepts the trade.

All individuals entering non-member customer orders in other than a clerical capacity must have appropriate [industryCFTC](#) registration. Non-member customer orders may be entered only from designated areas on the floor of the Exchange or from the premises of an entity registered to conduct customer business.

[The remainder of the Rule is unchanged.]

Chapter 6 Arbitration

618. SATISFACTION OF AWARD

A party directed to pay an award shall submit payment of the amount due directly to the party receiving the award. An arbitration award must be satisfied within 15 days of receipt of the notice of decision. If a request is made to correct an award pursuant to Rule 617, the award must be satisfied within 15 days of receipt of the corrected notice of decision.

A party making payment must submit proof of payment to the Market Regulation Department no later than the business day following payment. An individual member who fails to provide proof of payment within the time prescribed will forfeit the following privileges until proof of payment has been provided: 1) access to all CME Group markets; 2) access to the Globex platform; and 3) access to any other electronic trading or clearing platform owned or controlled by CME Group. An entity member that fails to provide proof of payment within the time prescribed will forfeit preferred fee treatment for its proprietary trading. Any member that fails to pay an arbitration award within the time prescribed may be subject to sanctions pursuant to Rule 432.R and may be immediately removed from any trading floor [or facility](#) owned or controlled by CME Group.

Chapter 8 Clearing House and Performance Bonds

813. DAILY SETTLEMENT PRICE

Daily settlement prices shall be determined each business day for each product pursuant to one or more of the procedures set forth below. The settlement price shall be a price consistent with the minimum tick increment for the product; if the calculated settlement price is not a standard tick increment, the calculated settlement price will be rounded either to the nearest tick or to the tick closer to the previous day's settlement price. The procedure used to determine the settlement price of a product will depend on the product group, level of activity and liquidity during the defined [settlementclosing time](#) period, and the trading venue(s) used to derive the settlement. To the extent that any members participate in the creation of settlement prices, they agree to assign and transfer to the Exchange any and all right, title and interest in and to the settlement prices, including, but not limited to, all copyright in the settlement prices.

1. ~~[Reserved.]Midpoint of the Closing Range: In products that use this procedure, the first trade and all subsequent trades, higher bids and lower offers that are quoted during the established closing time period will be included in the closing range. The midpoint of the high and low quotes in the closing range will be the settlement price. If no trade occurs during the defined closing period, the last quote of the day (trade, higher bid, lower offer) will be the settlement price. In the event there are no valid quotes during the day, the settlement price will be the prior day's settlement price.~~

2. Volume-Weighted Average Price (VWAP) of the [Closing RangeSettlement Period](#): In products that use this procedure, all outright trades that occur during the defined [settlementclosing time](#) period are utilized to calculate the VWAP for specified contract months and the VWAP will be the settlement price. If the open outcry venue is used to determine the settlement price, the VWAP may be estimated. The calculated or estimated VWAP of relevant spread trades that occur during the [settlementclosing time](#) period may be used to determine the settlement price of deferred or less actively traded contract months in products that use this procedure.

3. Bid/Ask Midpoint at the [Settlement or during the Settlement PeriodClose](#): In products that use this procedure, the midpoint of the bid/ask at the defined [settlementclosing time](#) [or during the defined settlement period](#) will be the settlement price.

4. Option Settlements: Option settlements are derived from available market information including, but not limited to, outright trades, bids or offers during the [settlement periodclose](#), relevant spread trades, bids or offers during the [settlement periodclose](#), the settlement price of the underlying future and relevant relationships based on option pricing theory using option pricing models employed by the [Exchange](#).

5. For all contract months not determined by one of the methods set forth above or pursuant to Section 6 below, relevant spread relationships between contract months will be used to derive the settlement.

6. In the event the Exchange determines that the settlement price derived by one of the methods set forth above is not an accurate representation of the relevant market, the Exchange may determine the settlement price based on other market prices, including settlement prices for similar contracts trading on other exchanges.

7. For all products that are settled with the delivery of, or by reference to, the same underlying instrument but which are offered in alternative contract sizes (mini or micro), a single settlement price will be applicable to all such contracts, with necessary adjustments made to round to the nearest tradable price increment eligible in all such contracts.

8. For contracts cleared through ClearPort Clearing that are not otherwise settled by one of the methods set forth above, staff shall determine settlement prices for such contracts based upon a consideration of relevant market data, including, but not limited to, trading activity in [relevantsuch](#) OTC products, pricing data obtained from OTC market participants, the settlement prices of related products and any other pricing data from sources deemed reliable by Staff. With respect to CDS products, in addition to the foregoing, the Exchange may use a price quality auction in which bids and offers submitted by Members may be "crossed" to effect trades and to establish settlement prices for particular contracts.

9. Notwithstanding the above, if a settlement price in any product, as derived by the normal methodology used for that product, is inconsistent with trades, bids or offers in other months/strikes during the [settlement periodclosing range](#), or other relevant market information, or if there is no relevant market activity, an Exchange official may establish a settlement price that best reflects the true market valuation at the [settlement](#) time [or during the defined settlement periodof the close](#).

10. For products cleared by the Clearing House on behalf of another entity, the settlement price shall be determined according to the rules of such entity.

11. Notwithstanding the above, in the case of inaccuracy or unavailability of a settlement price, or if a settlement price creates risk management concerns for the Clearing House, the Clearing House reserves the right to calculate settlement variation using an alternate price determined by the Clearing House.

CBOT Rulebook

DEFINITIONS

FLOOR BROKER

An Exchange member individual who executes orders on the Floor of the exchange for any other person and who is registered as a floor broker under the CEA.

FLOOR TRADER

An Exchange member who trades for his own account on the Floor of the Exchange and who is registered as a floor trader under the CEA.

INTRODUCING BROKER OR IB

A firm or individual that solicits and accepts orders to buy or sell futures or options on futures contracts from customers but does not accept money or other assets from such customers. An IB must be registered with the CFTC, unless exempt from registration pursuant to CFTC Regulations.

PRESIDENT

The President of the Exchange, or one duly authorized to act in lieu of and with the authority of the President.

Chapter 1

Membership

105. APPLICATION FOR MEMBERSHIP

[Sections A. and B. are unchanged.]

105.C. Application for Floor Broker's or Floor Trader's License

Each membership applicant seeking a Floor Broker's or Floor Trader's license shall apply for registration as a Floor Broker or a Floor Trader with the National Futures Association. Individuals not accessing the Trading Floor are not required to obtain Floor Broker or Floor Trader registration.

121. MEMBERSHIP PRIVILEGES

Membership in the Exchange entitles the member to certain privileges including the right:

- To access the trading floor if properly qualified by a clearing member;
- To act as a Floor Broker and/or Floor Trader in accordance with Exchange rules; and
- To receive member or lessee fee rates in accordance with Exchange requirements.

Chapter 5

Trading Qualifications and Practices

510. REQUIREMENTS FOR MEMBERS AND THEIR EMPLOYEES ON THE TRADING FLOOR

All members and their employees on the trading floor shall satisfy all orientation requirements of the Exchange. All members seeking to act as a Floor Broker, Floor Trader, or in any other capacity requiring registration pursuant to the Commodity Exchange Act, must be registered in accordance with applicable CFTC regulations.

A member shall be prohibited from engaging in activities requiring registration under the Commodity Exchange Act or from representing himself to be a registrant under the Commodity Exchange Act or the representative or agent of any registrant if such member's Floor Broker or Floor Trader registration is suspended by the CFTC or if the Exchange has suspended such member's privilege to act as a Floor Broker or Floor Trader on the Exchange.

All members registered with the CFTC must report any changes to such status in accordance with applicable CFTC regulations and must promptly notify the Shareholder Relations and Membership Services Department of any such changes.

516. ERROR ACCOUNTS

Each member who acts as a Floor Broker must maintain a designated error account with his qualifying clearing member into which he places brokerage errors. This requirement shall not apply to a Floor Broker who initiates trades or enters orders solely on behalf of a member firm's proprietary account.

Each qualifying clearing member which carries an error account agrees, without qualification, to accept and clear the broker's trades involving brokerage errors.

530. PRIORITY OF CUSTOMERS' ORDERS

A member shall not buy (sell) a futures contract, buy (sell) a call option or sell (buy) a put option for his own account, an account in which he has a direct or indirect financial interest, or an account over which he has discretionary trading authority when he is

in possession of an executable order for another person to buy (sell) a futures contract, buy (sell) a call option or sell (buy) a put option in the same product, regardless of the venue of execution. All contract months in a given futures product and all options on the futures product, in addition to any corresponding alternative sized (mini or micro) futures or options contracts on a given product, shall be considered the same product for the purposes of this rule.

The foregoing shall not apply to DRT orders provided that the customer has previously consented in writing and evidence of such general consent is indicated on the order with the "WP" (with permission) designation. In the case of a [F](#)floor [B](#)broker holding a discretionary order for an account described in Rule 547, a "WP" designation on the order shall constitute sufficient evidence of prior consent.

No person shall enter an order into the Globex platform for his own account, an account in which he has a direct or indirect financial interest or an account over which he has discretionary trading authority, including, without limitation, an order allowing discretion as to time and price, when such person is in possession of any order for another person that the Globex platform is capable of accepting.

535. RESPONSIBILITY OF FLOOR TRADERS AND FLOOR BROKERS

Every [F](#)floor [T](#)trader and [F](#)floor [B](#)broker shall assist his clearing member in the clearing of his trades. Every [F](#)floor [T](#)trader and [F](#)floor [B](#)broker must leave contact information with the clearing member through which or for which he has traded in order that he may be contacted during the balance of the day in the event there is a discrepancy in the clearing of his trades.

Each [F](#)floor [T](#)trader and [F](#)floor [B](#)broker or his designated representative must be available on the trading floor to resolve outrades in contracts in which he executed trades on the previous day no later than 30 minutes prior to the opening of the relevant market (or at such other times as may be designated by Exchange officials). If the trader or broker or his designated representative is not present during such period, the clearing member through which or for which the trader or broker has traded shall be authorized to resolve any outrade in the manner it deems appropriate, but such resolution shall not be determinative of the liability of any party to the outrade.

574. GLOBEX ACCESS RESTRICTIONS

All connections to the Globex system, including direct connections of non-clearing members or customers, must be guaranteed by a clearing member that assumes financial responsibility for all activity through the connection. With respect to transactions given up to other clearing members, such guarantee is effective only until such time that the other clearing member accepts the trade.

All individuals entering non-member customer orders in other than a clerical capacity must have appropriate [industryCFTC](#) registration. Non-member customer orders may be entered only from designated areas on the floor of the Exchange or from the premises of an entity registered to conduct customer business.

[The remainder of the Rule is unchanged.]

Chapter 6

Arbitration

618. SATISFACTION OF AWARD

A party directed to pay an award shall submit payment of the amount due directly to the party receiving the award. An arbitration award must be satisfied within 15 days of receipt of the notice of decision. If a request is made to correct an award pursuant to Rule 617, the award must be satisfied within 15 days of receipt of the corrected notice of decision.

A party making payment must submit proof of payment to the Market Regulation Department no later than the business day following payment. An individual member who fails to provide proof of payment within the time prescribed will forfeit the following privileges until proof of payment has been provided: 1) access to all CME Group markets; 2) access to the Globex platform; and 3) access to any other electronic trading or clearing platform owned or controlled by CME Group. An entity member that fails to provide proof of payment within the time prescribed will forfeit preferred fee treatment for its proprietary trading. Any member that fails to pay an arbitration award within the time prescribed may be subject to sanctions pursuant to Rule 432.R and may be immediately removed from any trading floor [or facility](#) owned or controlled by CME Group.

Chapter 8

Clearing House and Performance Bonds

813. DAILY SETTLEMENT PRICE

Daily settlement prices shall be determined each business day for each product pursuant to one or more of the procedures set forth below. The settlement price shall be a price consistent with the minimum tick increment for the product; if the calculated settlement price is not a standard tick increment, the calculated settlement price will be rounded either to the nearest tick or to the tick closer to the previous day's settlement price. The procedure used to determine the settlement price of a product will depend on the product group, level of activity and liquidity during the defined [settlementclosing-time](#) period, and the trading venue(s) used to derive the settlement. To the extent that any members participate in the creation of settlement prices, they agree to assign and transfer to the Exchange any and all right, title and interest in and to the settlement prices, including, but not limited to, all copyright in the settlement prices.

1. ~~[Reserved.]Midpoint of the Closing Range: In products that use this procedure, the first trade and all subsequent trades, higher bids and lower offers that are quoted during the established closing time period will be included in the closing range. The midpoint of the high and low quotes in the closing range will be the settlement price. If no trade occurs during the defined closing period, the last quote of the day (trade, higher bid, lower offer) will be the settlement price. In the event there are no valid quotes during the day, the settlement price will be the prior day's settlement price.~~

2. Volume-Weighted Average Price (VWAP) of the [Closing Range Settlement Period](#): In products that use this procedure, all outright trades that occur during the defined [settlement closing time](#) period are utilized to calculate the VWAP for specified contract months and the VWAP will be the settlement price. If the open outcry venue is used to determine the settlement price, the VWAP may be estimated. The calculated or estimated VWAP of relevant spread trades that occur during the [settlement closing time](#) period may be used to determine the settlement price of deferred or less actively traded contract months in products that use this procedure.
3. Bid/Ask Midpoint at the [Settlement or during the Settlement Period Close](#): In products that use this procedure, the midpoint of the bid/ask at the defined [settlement closing time](#) [or during the defined settlement period](#) will be the settlement price.
4. Option Settlements: Option settlements are derived from available market information including, but not limited to, outright trades, bids or offers during the [settlement period close](#), relevant spread trades, bids or offers during the [settlement period close](#), the settlement price of the underlying future and relevant relationships based on option pricing theory using option pricing models employed by the [Exchange](#).
5. For all contract months not determined by one of the methods set forth above or pursuant to Section 6 below, relevant spread relationships between contract months will be used to derive the settlement.
6. In the event the Exchange determines that the settlement price derived by one of the methods set forth above is not an accurate representation of the relevant market, the Exchange may determine the settlement price based on other market prices, including settlement prices for similar contracts trading on other exchanges.
7. For all products that are settled with the delivery of, or by reference to, the same underlying instrument but which are offered in alternative contract sizes (mini or micro), a single settlement price will be applicable to all such contracts, with necessary adjustments made to round to the nearest tradable price increment eligible in all such contracts.
8. For contracts cleared through ClearPort Clearing that are not otherwise settled by one of the methods set forth above, staff shall determine settlement prices for such contracts based upon a consideration of relevant market data, including, but not limited to, trading activity in [relevant such](#) OTC products, pricing data obtained from OTC market participants, the settlement prices of related products and any other pricing data from sources deemed reliable by Staff. With respect to CDS products, in addition to the foregoing, the Exchange may use a price quality auction in which bids and offers submitted by Members may be "crossed" to effect trades and to establish settlement prices for particular contracts.
9. Notwithstanding the above, if a settlement price in any product, as derived by the normal methodology used for that product, is inconsistent with trades, bids or offers in other months/strikes during the [settlement period closing range](#), or other relevant market information, or if there is no relevant market activity, an Exchange official may establish a settlement price that best reflects the true market valuation at the [settlement time](#) [or during the defined settlement period of the close](#).
10. For products cleared by the Clearing House on behalf of another entity, the settlement price shall be determined according to the rules of such entity.
11. Notwithstanding the above, in the case of inaccuracy or unavailability of a settlement price, or if a settlement price creates risk management concerns for the Clearing House, the Clearing House reserves the right to calculate settlement variation using an alternate price determined by the Clearing House.