



Special Executive Report

S-8618

July 13, 2020

Amendments to CME and CBOT Rule 506.A. **("Headset Privileges on the Trading Floor – Access and Supervision")**

Effective on trade date Monday, July 27, 2020, and pending all relevant CFTC regulatory review periods, Chicago Mercantile Exchange Inc. ("CME") and The Board of Trade of the City of Chicago, Inc. ("CBOT"), (collectively, the "Exchanges") are adopting amendments to Rule 506.A. ("Headset Privileges on the Trading Floor – Access and Supervision") to permit members and their employees in a trading pit to use technology provided by a third-party for headsets.

On June 9, 2020, CME Group Inc. issued a [press release](#) announcing the reopening of the Eurodollar options trading pit on August 10, 2020. In order to further the Exchanges' social distancing efforts in connection with the reopening, which are necessitated by the Covid-19 pandemic, the Exchanges are amending Rule 506.A. to permit the use of headset technology provided by a third-party. Currently, Rule 506.A. requires all headsets used in and around the trading pits to be issued by the Exchanges. Exchange headsets are capable of accessing six connections, and members and their employees in the pit are often communicating directly with parties located at booths on the trading floor. The identified third-party technology provider does not have a limitation on the number of connections. Expectation is that use of the third-party technology by members and their employees in the pit will minimize the number of individuals that choose to return to booths on the trading floor as the individuals in booths will be able to be in contact with members and their employees in the pit while operating from locations off the trading floor.

The Market Regulation Department has confirmed that the third-party technology provider will require all lines used in the pit to be recorded, in accordance with the requirements of Rule 536.G. ("Telephone Recordings"), and will require users of the technology in the pit to provide the Market Regulation Department with access to the recordings.

The amendments to CME and CBOT Rule 506.A. are set forth below with additions underscored and deletions ~~overstruck~~.

CME Rulebook
Chapter 5
("Trading Qualifications and Practices")
(Additions are underscored, deletions are ~~overstruck~~)

506. HEADSET PRIVILEGES ON THE TRADING FLOOR

506.A. Access and Supervision

Members and member firms are eligible to ~~use~~lease headsets ~~from the Exchange for use~~ on the trading floor ~~by filing an application with the Telecommunications Department~~ unless such usage is restricted in a particular pit by Exchange policy. Where headset usage is permitted, 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 eligible to lease headsets from the Exchange by filing an application with the Telecommunications Department. Alternatively, members and member firms may use headsets obtained from a third-

party provided the Exchange authorizes use of the third-party headsets pursuant to the provisions of Rule 507.A. Members and member firms using headsets provided by a third-party must permit the third-party to provide the Market Regulation Department direct access to recordings required to be made pursuant to the provisions of Rule 536.G.

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.

[The remainder of the Rule is unchanged.]

CBOT Rulebook
Chapter 5
("Trading Qualifications and Practices")
(Additions are underscored, deletions are ~~overstruck~~)

506. HEADSET PRIVILEGES ON THE TRADING FLOOR

506.A. Access and Supervision

Members and member firms are eligible to ~~use~~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 eligible to lease headsets from the Exchange by filing an application with the Telecommunications Department. Alternatively, members and member firms may use headsets obtained from a third-party provided the Exchange authorizes use of the third-party headsets pursuant to the provisions of Rule 507.A. Members and member firms using headsets provided by a third-party must permit the third-party to provide the Market Regulation Department direct access to recordings required to be made pursuant to the provisions of Rule 536.G.

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.

[The remainder of the Rule is unchanged.]

Questions regarding the amendments to Rule 506.A. may be directed to one of the following individuals in the Market Regulation Department:

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