



## Special Executive Report

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**DATE:** May 3, 2023

**SER#:** 9156

**SUBJECT:** Amendments to CME, CBOT, and NYMEX/COMEX Rule 588.D. (“Alternative Resolution by Agreement of Parties”) in Connection with Trade Cancellations and Price Adjustments

Effective on trade date May 17, 2023, 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 amend CME CBOT, and NYMEX/COMEX Rule 588.D. (“Alternative Resolution by Agreement of Parties”).

Rule 588.D. codifies the alternative actions that may be taken in the event that a trade is outside of a contract’s Non-Reviewable Range (“NRR”) on the CME Globex electronic trading platform (“CME Globex”).

Upon review of the alternative resolutions that may be taken with agreement of the parties in connection with trade cancellations and adjustments by the Global Command Center (“GCC”), the Exchanges determined that: 1) the option to transfer positions was not an appropriate action to resolve a transaction that was executed in error outside of the NRR pursuant to Rule 588.D. and; 2) no alternative action pursuant to Rule 588.D. may be taken if the transaction is inside the NRR.

All transfers are currently subject to the provisions of Rule 853. (“Transfers of Trades and Customer Accounts”). Additionally, errors in execution of orders on CME Globex must be handled in accordance with CME Rule 527. (“Outtrades, Errors and Mishandling of Orders”) and CBOT, NYMEX/COMEX Rule 527. (“Errors and Mishandling of Orders”).

Amendments to CME, CBOT, NYMEX/COMEX Rule 588.D. are set forth in Exhibit A below with additions underscored and deletions ~~struck through~~.

Inquiries regarding the aforementioned may be directed to the CME Group Global Command Center at 312.456.2391. Questions regarding this Special Executive Report may be directed to the CME Global Command Center at 800.438.8616, in Europe at 44.800.898.013, in Asia at 65.6532.5010, or [GCC@cmegroup.com](mailto:GCC@cmegroup.com).

**EXHIBIT A**  
**CME, CBOT and NYMEX/COMEX Rulebooks**  
**Chapter 5**  
**(“Trading Qualifications and Practices”)**  
(additions underscored; deletions ~~struck through~~)

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**588. TRADE CANCELLATIONS AND PRICE ADJUSTMENTS**

[Sections A.-C. remain unchanged.]

**588.D. Alternative Resolution by Agreement of Parties**

If the GCC determines that the price of a trade is inside the Non-Reviewable Range, no alternative action may be taken under this Rule by the parties to the trade.

With the approval of the GCC, parties to a trade that is price adjusted may instead mutually agree to cancel the trade. With the approval of the GCC, parties to a trade that is cancelled may instead mutually agree to price adjust the trade to a price consistent with the adjustment provisions of Section C.

Parties to a trade that is cancelled or price adjusted may mutually agree to a cash adjustment provided that such adjustments are reported to the GCC and the parties maintain a record of the adjustment.

~~An executed trade may not be reversed via transfer except where such trade is determined by GCC to be outside of the Non-Reviewable Range but not reported timely, subject to agreement of the parties and approval of the GCC. Any such transfer must occur at the original trade price and quantity; however the parties may mutually agree to a cash adjustment.~~

A trade that is not cancelled may not be reversed via a prearranged offsetting transaction unless such transactions are permitted and effected in accordance with Rule 539.C.

[Sections E.-H. remain unchanged.]