

## Memorandum

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TO: Members, Member Firms and Market Users  
FROM: Market Regulation Department  
DATE: July 24, 2008  
SUBJECT: Reminder Regarding All-or-None Changes Effective July 28, 2008

On July 1, 2008, CME & CBOT released Market Regulation Advisory Notice RA0814-3 concerning upcoming changes with respect to All-or-None transactions in the open outcry venue. **The changes become effective on Monday, July 28, 2008.**

RA0814-3 is attached to this memorandum and is being re-released in order to remind members, member firms and market users of the upcoming changes.

## MARKET REGULATION ADVISORY NOTICE

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Exchange	CME & CBOT
Subject	All-Or-None Transactions
Rule References	Rule 521.B.
Advisory Date	July 1, 2008
Advisory Number	CME & CBOT – RA0814-3
Effective Date	July 28, 2008

**Effective Monday, July 28, 2008**, CME and CBOT will adopt various changes to the list of products that are eligible to be traded as All-or-None (“AON”) transactions in the open outcry venue, as well as changes to the minimum AON quantity thresholds and minimum counterparty thresholds. The complete list of CME and CBOT products in which AON transactions will be permitted as of July 28, 2008, including the minimum quantity and counterparty thresholds, appears on pages 4 and 5 of this Advisory Notice. Until July 28, 2008, AON transactions are permitted only in those contracts currently eligible to trade as an AON.

The upcoming changes include the adoption of AON trading in CBOT 10-Year Treasury Note, 30-Year Treasury Bond and 30-Year Interest Rate Swap futures and 30-Day Fed Fund options and the elimination of AON trading in CME Nasdaq-100 futures and options and Euroyen LIBOR futures.

Additionally, CME has adopted the CBOT practice that allows for an AON order to be executed opposite multiple counterparties provided that the entire quantity of the AON order is executed at a single price and that each counterparty to the order executes a quantity at or in excess of the designated minimum counterparty threshold. An FAQ document addressing AON transactions begins on page 2 of this Advisory Notice.

CME and CBOT Rule 521.B. (“Pit Trading – All-Or-None Transactions”) is set forth below. Market participants are strongly encouraged to review the list of eligible products and quantity thresholds, as well as the FAQ, to ensure an accurate understanding of the requirements for executing AON orders.

### **Rule 521.B. – (“Pit Trading – All-Or-None Transactions”)**

All-Or-None Transactions: The Exchange shall determine the minimum thresholds for and the commodities in which All-Or-None transactions shall be permitted. The following shall govern All-Or-None trading:

1. A member may request an All-Or-None bid and/or offer for a specified quantity at or in excess of the applicable minimum threshold. Such request shall be made in the pit designated for the trading of the particular transaction.
2. A member may respond by quoting an All-Or-None bid or offer price. A bid or offer in response to an All-Or-None request shall be made only when it is the best bid or offer in response to such request, but such price need not be in line with the bids and offers currently being quoted in the regular market.

3. A member shall not execute any order by means of an All-Or-None transaction unless the order includes specific instructions to execute an All-Or-None transaction or the All-Or-None bid or offer is the best price available to satisfy the terms of the order.
4. An All-Or-None bid or offer may be accepted by one or more members provided that the entire quantity of the All-Or-None order is executed at a single price and that each counterparty to the order accepts a quantity at or in excess of the designated minimum counterparty threshold. Each order executed opposite an All-Or-None order must be for a quantity that meets or exceeds the minimum counterparty threshold. Separate orders may not be bunched to meet the minimum counterparty threshold.
5. All-Or-None transactions shall not set off conditional orders (e.g., Stop Orders and MIT Orders) or otherwise affect orders in the regular market.
6. All-Or-None transactions must be reported to a designated Exchange official who shall record and publish the quantity and prices separately from reports of transactions in the regular market. The brokers executing All-Or-None transactions must maintain a record of said transaction in accordance with Rule 536.

**FAQ Related to CME and CBOT Rule 521.B.**  
**All-Or-None Transactions**

**Q1: What is an All-Or-None (“AON”) Order?**

A1: An AON order is an order that meets or exceeds an exchange-specified minimum quantity that can be executed only for its entire quantity and only at a single price. AON orders are permitted only in certain products and are exclusively executed in the open outcry market during regular trading hours.

**Q2: What are the significant differences between AON transactions and other futures and options trades?**

A2: 

1. AON bids, offers and requests for a market must be for a quantity equal to or in excess of the specified minimum threshold level in an AON-eligible product as set forth in the tables beginning on page 4.
2. Partial fills for an AON order are not permitted.
3. The execution price of an AON order may be outside of the best bid/offer in the regular market.
4. The price at which an AON order is executed does not elect conditional orders (e.g., stop orders, limit orders, MIT orders, etc.) in the regular market or otherwise affect such orders.
5. AON transactions are reported separately from transactions in the regular market in the Time and Sales record.

**Q3: Can an AON order be executed opposite more than one counterparty?**

A3: Yes. An AON order may be executed opposite multiple counterparties provided that the order is filled in its entirety at a single price and each opposing party to the order meets the designated minimum counterparty threshold. The minimum counterparty thresholds are listed in the tables beginning on page 4.

**Q4: Can a broker bunch separate orders to meet the counterparty minimum?**

A4: No. *Each* order executed opposite an AON order must be for a quantity that meets or exceeds the minimum counterparty threshold.

**Q5: What is the proper procedure for initiating an AON transaction in the pit?**

A5: The initiator of the AON order may request an AON market for a specific quantity or make an AON bid/offer for a specific quantity.

A member may respond by quoting an AON bid and/or offer price and the quantity, at or above the designated counterparty minimum, that he is willing to trade. Brokers who have orders that independently meet the minimum counterparty quantity threshold may also bid/offer in response to a request for an AON market.

The individual representing the AON order must determine if the total quantity bid/offered is sufficient to satisfy the entire quantity of the AON order at a single price. If so, he will consummate the AON trade with the opposing market participants. Just as in the regular market, it is the broker's responsibility to allocate quantities if there is more than one opposing party.

**Q6: Can two AON orders be crossed?**

A6: AON orders that are independently initiated without prearrangement may be traded opposite each other in the open market. A single broker may cross two AON orders provided that the cross trade procedures set forth in Rule 533 ("Simultaneous Buy and Sell Orders for Different Beneficial Owners") are followed.

Additionally, a broker executing an AON order may not take the opposite side of the order, or any portion of the order, into his own account (or an account in which he has a direct or indirect financial interest or an account over which he has discretionary trading authority) unless the customer has provided prior written consent to waive the application of Rule 531.A. ("General Prohibition") and the broker complies with the cross trade procedures set forth in Rule 533.

**Q7: Can spreads or combinations be traded pursuant to the AON rule?**

A7: Yes, provided that the order meets the minimum quantity requirements set forth in the tables beginning on page 4. For products in the tables which do not specify minimum spread quantity requirements, AON intra-commodity spreads may be executed provided that **each** leg of the spread meets the AON threshold for that contract.

**AON-Eligible Products and Minimum Quantity Thresholds  
(as of July 28, 2008)**

**CME**

<b>Product</b>	<b>AON Minimum</b>	<b>Counterparty Minimum</b>
Quarterly Eurodollar futures (years 1-5) and Serial Eurodollar futures	2,000 contracts – Per leg for calendar, butterfly and condor spreads	10% of order
Quarterly Eurodollar futures (years 6-10)	1,000 contracts Per leg for calendar, butterfly and condor spreads	10% of order
Eurodollar and Eurodollar MidCurve options*	4,000 contracts – Per leg for spreads and combinations	10% of order
Regular and rolling Eurodollar packs (years 1-5)	2,000 contracts per pack	10% of order
Regular and rolling Eurodollar packs (years 6-10)	1,000 contracts per pack	10% of order
Regular and rolling Eurodollar bundles	2,000 contracts per bundle	10% of order
Regular and rolling Eurodollar bundles (all legs fall in years 6-10, i.e., contracts 21-40)	1,000 contracts per bundle	10% of order
LIBOR futures	500 contracts	10% of order
13-Week T-Bill futures	50 contracts	10% of order
Euroyen futures	100 contracts	10% of order
Japanese Government Bond (JGB) futures	100 contracts	10% of order
All foreign currency futures and options excluding cross rates, Israeli shekel, Chinese renminbi and Korean won futures and options*	20 contracts	10% of order
All foreign currency cross rate futures and options excluding Chinese renminbi/Euro FX and Chinese renminbi/Japanese yen futures and options*	5 contracts; 5 contracts per leg in calendar spreads	5 contracts; 5 contracts per leg in calendar spreads

\* AON spreads involving Eurodollar, foreign currency and foreign currency cross rate options vs futures may be executed provided that at least one option leg of the spread order meets the designated AON minimum order quantity for the option and the quantity of the futures leg is the appropriate delta equivalent.

### CBOT

Product	AON Minimum	Counterparty Minimum
Interest Rate Swap futures	1,000 contracts Per leg for inter- and intra-market commodity spreads	10% of order
Interest Rate Swap futures/ Treasury futures spread	1,000 contracts Per leg for spreads	10% of order
Interest Rate Swap options*	1,000 contracts At least one leg must be $\geq 1,000$	10% of order
Treasury futures	2,000 contracts Per leg for inter- and intra-market spreads	10% of order
30-Day Fed Funds futures	2,000 contracts Per leg for spreads	10% of order
Treasury and 30-Day Fed Fund options*	2,500 contracts At least one leg must be $\geq 2,500$	10% of order

\* AON spreads involving Treasury, 30-Day Fed Fund and Interest Rate Swap options vs futures may be executed provided that at least one option leg of the spread order meets the designated AON minimum order quantity for the option and the quantity of the futures leg is the appropriate delta equivalent.

Questions regarding this Advisory should be directed to the following individuals in Market Regulation:

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