

MARKET REGULATION ADVISORY NOTICE

Exchange	CBOT
Subject	Open Outcry Trading of Treasury and Swap Futures in the Treasury Futures Pit
Rule References	Rule 521
Advisory Date	July 28, 2008
Advisory Number	CBOT – RA0812-1

As a reminder, the following policy is in effect for trading in the Treasury and Swap futures pit. Failure to adhere to this policy may result in the issuance of charges for violation of Rule 514 ("Trading Infractions"), which will be heard by a Panel of the Floor Conduct Committee. A Panel may impose fines of up to \$10,000 per offense, or in the case of an egregious violation, may impose fines of up to \$20,000 per offense. Further, the Market Regulation Department may refer particularly egregious matters to the Probable Cause Committee.

The policy is described below:

1. Members located outside of the designated section for trading a specific product may trade against bids and offers initiated from within the appropriate section of the pit.

Members located outside of the designated section for trading a specific product may bid or offer in response to a request for quote that originates from within the appropriate section of the pit and may subsequently consummate a trade.

*For example, a bid/offer or a request for quote in the Ten-Year Note contract must originate in the Ten-Year Note section of the pit (**except as provided for in Section 2 below**); however, individuals located in any section of the pit may hit a bid, lift an offer or respond to a request for quote that originated in the Ten-Year Note section of the pit.*

2. Members located outside of the designated section for trading a specific product may request a market in products trading outside of their section. However, in order to trade opposite bids or offers received in response to the request, the member requesting the bid or offer must move to the designated section of the pit in order to execute a trade.

For example, an individual in the Ten-Year section of the pit may request a market in the Five-Year contract. In order to trade opposite any bids or offers received in response to the request for a market, the individual in the Ten-Year section of the pit must subsequently move to the Five-Year section of the pit in order to execute a trade.

Please be advised that a broker who asks another individual to request a market in a product outside of their designated section and then executes brokerage opposite bids and offers made in response to that request for a market without moving to the designated section will be charged with a violation of Rule 514. Further, any other similar attempts to circumvent this policy will result in charges being issued pursuant to Rule 514.

This policy applies to outright orders, calendar spreads and intermarket spreads. The intermarket spread locations are as follows:

<u>SPREAD</u>	<u>ORIGINATING LOCATION</u>
2-Year Note/T-Bond	2-Year Note section
2-Year Note/10-Year Note	2-Year Note section
2-Year Note/5-Year Note	2-Year Note section
5-Year Note/T-Bond	5-Year Note section
5-Year Note/10-Year Note	5-Year Note section
10-Year Note/T-Bond	10-Year Note section
10-Year Note/T-Bond Tandem	10-Year Note section

<u>SPREAD</u>	<u>ORIGINATING LOCATION</u>
5/10/30-Year Swaps/T-Bonds	Swaps section
5/10/30-Year Swaps/10-Year Notes	Swaps section
5/10/30-Year Swaps/5-Year Notes	Swaps section
5/10/30-Year Swaps/2-Year Notes	Swaps section

Any multi-legged spreads involving the yield curve that are not specified above must originate from the section of the pit in which the product at the shortest end of the yield curve involved in the spread is traded.

Members are reminded to ensure that all trades are promptly and accurately reported to the market reporters and checked with the opposing party.

Questions regarding this notice may be directed to the following contacts in Market Regulation:

Jennifer Baum, Associate Director	312.341.3124
Market Regulation Hotline	312.930.3333