

MARKET REGULATION ADVISORY NOTICE

Exchange	CME & CBOT
Subject	Quotation Changes
Rule References	Chapter 5 Interpretation
Advisory Date	February 27, 2008
Advisory Number	CME & CBOT – RA0803-3
Effective Date	March 3, 2008

Effective March 3, 2008, CME and CBOT will adopt a harmonized policy with respect to quotation changes in products traded in the open outcry venue. The harmonized policy appears below.

QUOTATION CHANGES

I. GENERAL PROCEDURES

- A. On-Screen 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 Supervisor.
- B. On-Screen Corrections requested more than 15 minutes from the time the bid, offer or trade occurred or reportedly occurred and All Off-Screen Corrections: Changes must be authorized by:
 - 1. 15-30 Minutes (On-Screen) and 0-30 Minutes (Off-Screen): A Pit Committee Vice-Chairman or his designee, a member of the Pit Committee and one Exchange Supervisor.
 - 2. Over 30 Minutes: A Pit Committee Vice-Chairman or his designee, a Floor Conduct Committee member 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 5 minutes (futures) or 10 minutes (options) 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 Pit Committee Vice-Chairman or his designee, 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 or futures contracts 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 Pit Committee Vice-Chairman or his designee, 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 or futures contracts deemed by a Senior Exchange Official to be inactive or illiquid, or in declared fast markets.

G. OPTION SPREADS AND COMBINATIONS

If an 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 and the insertion of the quote would not affect an opening or closing range or a high or low, the Time and Sales record of the affected trade data may be corrected by inserting the missing options spread or combination quote at any time prior to the opening of the affected market the next day, provided all of the following requirements are satisfied:

1. The trade was executed at a differential;
2. The parties to the trade can reasonably show that they properly called out the options spread or combination and had a reasonable basis for believing that the trade would be posted;
3. 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;
4. The change is authorized by a Pit Committee Vice-Chairman or his designee, a Floor Conduct Committee member and a Senior Exchange Official; and
5. The change is documented pursuant to Section II.B below.

II. DOCUMENTATION NEEDED FOR QUOTATION CHANGES

- A. In the case of on-screen quote changes, 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 off-screen quote changes, 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 request for a change over 30 minutes from the time the bid, offer or trade occurred or reportedly occurred, the reason for the delay. The quotation change will be recorded on Time and Sales.

III. CONFLICTS OF INTEREST

No Pit Committee or Floor Conduct Committee member 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 the quotation change will be recorded on Time and Sales.

Certain requests for quotation changes require the approval of Senior Exchange Officials, which for the purposes of this interpretation include, but are not limited to, management staff in the Trading Floor Operations Department and the Trading Floor Investigators in the Market Regulation Department.

Questions regarding this advisory may be directed to:

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