

Advisory Notice

Clearing House

TO: All Firm Personnel
Service Bureau Representatives
Independent Software Vendors

FROM: Clearing House Department

ADVISORY #: 04-248

DATE: December 15, 2004

SUBJECT: **Block Trade Reporting Period Extended to 15 Minutes in CME Weather Contracts -- Effective December 5, 2004**

At its most recent meeting, the CME Board of Directors approved a proposal to extend the block trade reporting period to fifteen (15) minutes from five (5) minutes in CME Weather futures and option contracts effective Sunday, December 5, 2004. Note that the block trade reporting period is five (5) minutes in all block-eligible CME contracts except in CME Eurodollar futures and options where the period is fifteen (15) minutes.

Rule Amendments

(Additions are underlined, deletions are deleted and bracketed.)

526. BLOCK TRANSACTIONS

Notwithstanding Rule 520 - TRADING CONFINED TO EXCHANGE FACILITIES -, the Board or a Committee appointed by the Board shall, from time to time, determine the minimum thresholds for and the commodities in which Block Transactions (privately negotiated transactions) shall be permitted. The following shall govern Block Transactions:

- A. A member may execute a Block Transaction for a specified quantity at or in excess of the applicable minimum threshold designated by the Board.
- B. Each party to a Block Transaction must be an Eligible Contract Participant as that term is defined in Section 1a(12) of the Commodity Exchange Act.
- C. A member shall not execute any order by means of a Block Transaction unless that order meets the applicable minimum threshold and includes specific instructions to execute a Block Transaction.
- D. The price at which a Block Transaction is executed must be "fair and reasonable" in light of (i) the size of such Block Transaction, (ii) the prices and sizes of other transactions in the same contract at the relevant time, (iii) and the prices and sizes of transactions in other relevant markets, including without limitation the underlying cash and futures markets, at the relevant time, and (iv) the circumstances of the parties to such Block Transaction.
- E. Block Transactions shall not set off conditional orders (e.g., Stop Orders, MIT Orders, etc.) or otherwise affect orders in the regular market.

- F. Block Transactions must be reported to a designated Exchange official within five minutes of the time of execution; except that Block transactions in Eurodollar and Weather futures and options must be reported within fifteen minutes of the time of execution. The report must include the contract, contract month, price, and quantity of the transaction. The Exchange shall immediately publish such information separately from the reports of transactions in the regular market.
- G. Clearing firms must report Block Transactions to the Exchange Clearing House, including the time of execution, in accordance with the Clearing House Manual of Operations.
- H. Brokers executing Block Transactions must maintain a record of said transaction, in accordance with Rule 536 - RECORDS FOR ORDERS AND PERSONAL TRANSACTIONS DURING REGULAR TRADING HOURS.
- I. In the application of paragraphs A., B., and C. of this Rule to a commodity trading advisor ("CTA") registered under the Commodity Exchange Act, including without limitation any investment advisor registered as such with the Securities and Exchange Commission that is exempt from regulation under the Commodity Exchange Act or Commission Regulations thereunder, with total assets under management exceeding \$25 million, the CTA, and not the CTA's customers, shall be the applicable entity for purposes of said paragraphs A., B., and C.
- J. In the application of paragraphs A., B., and C. of this Rule to a foreign Person performing a similar role or function to a CTA or investment advisor as described in paragraph I, and subject as such to foreign regulation, with total assets under management exceeding \$50 million, the CTA, and not the CTA's customers, shall be the applicable entity for purposes of said paragraphs A., B., and C.

If you have any questions regarding this notice, please contact Lisa Amato at 312.338.2654, or email lamato@cme.com, or Laura Sutor at 312.648.5480, email lsutor@cme.com. Thank you.