MARKET REGULATION ADVISORY NOTICE

Exchange	**CME, CBOT, NYMEX & COMEX**
Subject	**TAS, TAM and BTIC Transactions**
Rule References	**Rule 524**
Advisory Date	**January 12, 2016**
Advisory Number	**CME Group RA1601-5**
Effective Date	**January 27, 2016**

Effective on January 27, 2016, and pending all relevant CFTC review periods, this Market Regulation Advisory Notice will supersede CME Group Market Regulation Advisory Notice RA1512-5. It is being issued based on amendments to CME and CBOT Rule 524 that incorporate provisions concerning Basis Trade at Index Close ("BTIC") Transactions into the Rule.

Information on the specific products, contract months and spreads eligible for pricing as TAS, TAM or BTIC transactions is contained in the TAS/TAM/BTIC Table set forth in the Interpretations & Special Notices Section at the end of Chapter 5 of each Exchange's Rulebook. The table may also be accessed here.

Important information on regulatory considerations for market participants engaging in TAS or TAM transactions appears in Section 2 of this Advisory Notice.

TAS, TAM and BTIC Transactions are subject to the information contained in the Advisory Notice, each Exchange's Rule 524, and, for BTIC Transactions, provisions contained in applicable CME and CBOT equity futures product chapters. The text of each Exchange's Rule 524 appears in Section 6 of this Advisory Notice.

1. General Information on TAS, TAM and BTIC Transactions

TAS permits parties to trade at a differential to the current day's not-yet-known futures settlement price. TAM permits parties to trade at a differential to the current day's not-yet-known Exchange-determined marker price.

Orders for CME and CBOT TAS-eligible futures products may be entered into CME Globex for execution at the current day's settlement price or any valid price increment four ticks higher or lower than the settlement price.

Orders for NYMEX and COMEX TAS- and TAM-eligible futures products may be entered into CME Globex for execution at the current day's settlement or marker price, as applicable, or any valid price increment ten ticks higher or lower than the applicable settlement or marker price, except for spot month Copper futures which may be executed on CME Globex and priced solely at the settlement price, or TAS flat.

Certain NYMEX and COMEX futures products may also be executed as block trades and priced at the settlement or marker price, as applicable, or any valid price increment ten ticks higher or lower than the settlement or marker price.

BTIC permit parties to trade at a differential (basis) to an eligible futures contract's current day's not-yet-known underlying cash Index closing price.

Orders for certain CME and CBOT equity index futures products may be entered into CME Globex for execution at the current day's underlying cash Index closing price or any fair and reasonable basis above or below the current day's underlying cash Index closing price.

Certain CME and CBOT equity Index futures products may be executed as block trades and priced at the underlying futures contracts' cash Index closing price or at a differential (basis) to the equity cash Index closing price.

The basis must be stated in admissible futures price increments for the specific futures contract. In the case of a BTIC block trade, the negotiated basis must fair and reasonable in light of factors including, but not limited to, financing rates, expected dividend income, and time remaining until the underlying futures contract expiration.

Information on products eligible to be executed as block trades and priced as TAS, TAM or BTIC transactions may be found here:

http://www.cmegroup.com/clearing/trading-practices/block-trades.html

2. Regulatory Considerations

All market participants are reminded that any trading activity that is intended to disrupt orderly trading or to manipulate or attempt to manipulate a settlement or marker price to benefit a TAS or TAM position, including a TAS or TAM block position, will subject the member and/or the market participant to disciplinary action for any of a number of rule violations, including, but not limited to:

- price manipulation or attempted price manipulation
- wash trading
- conduct detrimental to the interest or welfare of the Exchange or conduct which tends to impair the dignity or good name of the Exchange
- engaging in conduct inconsistent with just and equitable principles of trade

Investigation of suspected manipulative or disruptive activity related to TAS and TAM, or activity in the related underlying markets will include the Market Regulation Department's ("Department") review of positions and trading activity in the applicable Exchange markets and any related markets to determine if such activity was disruptive, collusive, and/or caused or attempted to cause aberrant price movement during these periods. Pursuant to Rule 432.L.3, market participants are reminded that it is an offense to fail to produce any books or records requested by authorized Exchange staff within 10 days after such request is made or such shorter period of time as determined by the Exchange in exigent circumstances. The Department always has the authority to request books and records as well as other relevant information regarding the nature of a participant's trading and positions in Exchange products and in any related markets as part of its regulatory program.

3. Entry of TAS, TAM and BTIC Orders on CME Globex

Rule 524 permits the initiation of TAS, TAM and BTIC orders into CME Globex only subsequent to the beginning of each group's pre-open state and during the time period the applicable contracts are available for TAS, TAM or BTIC trading on CME Globex, as applicable. The initiation of any TAS, TAM or BTIC order on CME Globex outside of these time periods is strictly prohibited.

Any market participant who initiates the entry of a TAS, TAM or BTIC order prior to receipt of the security status message indicating that market has transitioned to the pre-open will be subject to disciplinary action by a panel of the Business Conduct Committee, notwithstanding that the order may have been rejected by the CME Globex system. Sanctions for noncompliance may include a fine, disgorgement of any profits realized as a result of any orders accepted by CME Globex which were initiated prior to receipt of the security status message and/or a suspension of access to the market. Market participants must have appropriate protocols in place to ensure that TAS, TAM and BTIC orders are not initiated prior to receipt of the security status message.

4. TAS and TAM Calendar Spreads

As set forth in the TAS Table, certain intra-commodity calendar spreads are permitted to be entered into CME Globex and priced at the settlement or marker price, or a specified number of ticks above or below the settlement or marker price.

Additionally, certain NYMEX and COMEX intra-commodity calendar spreads are permitted to be executed as block trades and priced at the settlement or marker price or at a positive or negative differential.

The legs of TAS and TAM spread trades executed at **zero** or at a **negative differential** (negative 1 through negative 10 for eligible NYMEX and COMEX products) (negative 1 through negative 4 for eligible CME and CBOT products) on CME Globex or, where allowable, as block trades will be priced as follows:

- If the spread trades at zero, each leg will be priced at the settlement or market price, as applicable, for the respective contract months.

- If the spread trades at a negative differential, the **nearby** leg of the spread will be priced at the settlement or marker price, as applicable, for that contract month. The **far** leg of the spread will be priced at the settlement or marker price, as applicable, for that contract month **minus** the allowable TAS or TAM price increment traded.

The legs of TAS and TAM spread trades executed at a **positive differential** (positive 1 through positive 10 for eligible NYMEX and COMEX products) (positive 1 through positive 4 for eligible CME and CBOT products) will be priced as follows:

Where execution occurs on CME Globex:

- If the spread trades at a positive differential, the **far** leg of the spread will be priced at the settlement or marker price, as applicable, for that contract month. The **nearby** leg of the spread will be priced at the settlement or marker price, as applicable, for that contract month **plus** the TAS or TAM price increment traded.

Where execution occurs as a block trade:

- If the spread trades at a positive differential, the **nearby** leg of the spread will be priced at the settlement or marker price, as applicable, for that contract month. The **far** leg of the spread will be priced at the settlement or marker price, as applicable, for that contract month **minus** the allowable TAS or TAM price increment traded.

5. TAS and BTIC Pricing and Daily Price Limits

Notwithstanding that CME Live Cattle, Feeder Cattle and Lean Hogs futures and CBOT Corn, Soybean, Soybean Oil, Soybean Meal, Wheat and KC HRW Wheat futures are subject to daily price limits, market participants executing a trade in one of those products which is priced at a tick increment above or below the settlement price (negative 4 through negative 1 or positive 1 through positive 4) may result in a final trade price above or below the daily price limit.

Similarly, BTIC transactions may result in an assigned futures price outside of the applicable futures daily price limits.

6. Text of CME, CBOT, NYMEX and COMEX Rule 524

CME & CBOT

524. TRADING AT SETTLEMENT ("TAS") AND BASIS TRADE AT INDEX CLOSE ("BTIC") TRANSACTIONS

The Exchange shall determine the commodities, contract months and time periods during which TAS and BTIC transactions shall be permitted. Specific products, contract months and spreads eligible for pricing as TAS or BTIC transactions are set forth in the TAS Table set forth in the Interpretations & Special Notices Section of Chapter 5.

524.A. Trading at Settlement ("TAS") Transactions

The following shall govern TAS transactions:

1. TAS orders may be entered on Globex at any time the applicable contracts are available for TAS trading on Globex and during each TAS contract's prescribed pre-open time period. The initiation of any TAS order on Globex outside these time periods is prohibited.
2. TAS transactions may be executed at the current day's settlement price or at any valid price increment four ticks higher or lower than the settlement price.

524.B. Basis Trade at Index Close ("BTIC") Transactions

A Basis Trade at Index Close ("BTIC") Transaction is an Exchange futures transaction which is priced with reference to the closing price of such futures contract's underlying cash Index on a particular Trading Day (the "Basis").

The following shall govern BTIC transactions:

1. Globex-eligible BTIC orders may be entered on Globex at any time the applicable contracts are available for BTIC trading on Globex and during each BTIC contract's prescribed pre-open time period. The initiation of any BTIC order on Globex outside these time periods is prohibited.
2. BTIC-eligible commodities and contract months may be executed as block trades pursuant to the requirements of Rule 526, except that BTIC block trades may not be executed on the last day of trading in an expiring contract.
3. The Basis negotiated between the parties must be stated in admissible futures price increments for the specific futures contract as set forth in the applicable futures product chapter. The futures price of the BTIC transaction shall be the cash Index closing price for that Trading Day adjusted by the negotiated Basis above or below the underlying futures contract's Index closing price. The magnitude of the Basis for a BTIC block trade must be fair and reasonable in light of factors including, but not limited to, financing rates, expected dividend income, and time remaining until the underlying futures contract expiration. BTIC transactions may result in an assigned futures price outside of applicable daily price limits.
4. In the event of a disruption in the primary listing market for a given Index, all pending and executed BTIC transactions based on that Index shall be cancelled by the Exchange. Such disruption shall be declared by the Exchange in its sole discretion, and may include, without limitation, an unscheduled early closure for the day of the primary equity securities market or a NYSE Rule 80B trading halt declared in response to a Level 3 (20%) decline in the S&P 500 Index necessitating an early closure of the primary securities market.
5. Additional product-specific BTIC requirements are set forth in the applicable product chapter in the Rulebook.

NYMEX & COMEX

524. TRADING AT SETTLEMENT ("TAS") AND TRADING AT MARKER ("TAM") TRANSACTIONS

The Exchange shall determine the commodities, contract months and time periods during which TAS and TAM transactions shall be permitted. TAS- and TAM-eligible commodities and contract months are set forth in the TAS Table in the Interpretation Section at the end of Chapter 5.

524.A. Trading at Settlement ("TAS") Transactions

The following shall govern TAS transactions:

1. TAS orders may be entered on Globex at any time the applicable contracts are available for TAS trading on Globex and during each TAS contract's prescribed pre-open time period. The initiation of any TAS order on Globex outside these time periods is prohibited.
2. Unless otherwise specified in the TAS Table, TAS-eligible commodities and contract months may be executed as block trades pursuant to the requirements of Rule 526.

3. Unless otherwise specified by the Exchange, TAS transactions may be executed at the current day's settlement price or at any valid price increment ten ticks higher or lower than the settlement price.

524.B. Trading at Marker ("TAM") Transactions

The following shall govern TAM transactions:

1. TAM orders may be entered on Globex at any time the applicable contracts are available for TAM trading on Globex and during each TAM contract's prescribed pre-open time period. The initiation of any TAM order on Globex outside these time periods is prohibited.
2. TAM-eligible commodities and contract months may be executed as block trades pursuant to the requirements of Rule 526.
3. TAM transactions may be executed at the current day's applicable marker price or at any valid price increment ten ticks higher or lower than the applicable marker price.

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

Jennifer Dendrinos, Director, Investigations, 312.341.7812

Andrew Vrabel, Executive Director, Investigations, 312.435.3622

Erin Coffey, Senior Rules & Regulatory Outreach Specialist, 312.341.3286

Shawn Tan, Senior Rules & Regulatory Outreach Specialist, +65 6593 5580

Robert Sniegowski, Executive Director, Rules & Regulatory Outreach, 312.341.5991

For media inquiries concerning this Advisory Notice, please contact CME Group Corporate Communications at 312.930.3434 or news@cmegroup.com.