

“Cross-trade” means the intentional matching of two opposite orders in the Trading System in the same Contract between two Members, a Member and its Customer, or between two Customers of a Member that may be pre-arranged and/or pre-negotiated in accordance with Rule 406.

“Request for Quote (RFQ)” means a solicitation for bids and offers for a Contract or combination of Contracts.

406. Cross Trades.

- (d) Both parties agree to execute the Cross-Trade above the existing bid price and below the existing offer price, in which case the Cross-Trade may be executed immediately. In the absence of both a bid and an offer price in the relevant Contract month, then the Member seeking to execute a Cross-Trade must:
- i. Enter a RFQ for the relevant Contract month(s) or an order into the Trading System;
 - ii. Wait 5 seconds in the case of Futures Contracts or 15 seconds in the case of Option Contracts; and
 - iii. After waiting the period as prescribed in (ii) above, then the Member may immediately enter either the opposite order if the period was initiated by an order or both orders if the period was initiated by an RFQ.
 - iv. If a response is received to the RFQ within the waiting period as prescribed in (ii) above, and the response provides a bid and/or offer that meets or improves upon the price at which the parties had intended to execute the Cross-Trade, then the parties will be prohibited from executing the Cross-Trade and, if a Customer’s order is one side of the proposed Cross-Trade, then the Member must abide by its duties to the Customer as referenced in (b) above. If the response to the RFQ only partially fills or meets the intended order size, then the Member must re-enter a RFQ or an order for the remaining amount into the Trading System and wait the required period of time prior to executing a cross-trade.

415. Block Trade Facility.

Block Trades between a Member's customers, between a Member (acting for itself or its Customers) and another Member, or between a Member and any Customer or between different profit centers of a Member having separate account numbers may be effected only through the electronic Block Trading Facility or by telephonic means as provided by the Exchange, rather than on the Trading System, in accordance with the provisions of this Rule

...

- (h) The transaction may be consummated at a price mutually agreed upon by the parties to the transaction; provided that,
- (i) the price for the Futures Contract does not exceed the range of the day's overall high and low by more than the following values (The range of the day's high and low is determined by a validation matrix);

Contract	Range
2 Year. Treasury Note Futures (FTNS)	0.05 percent (approximately 5 ticks)
5 Year U.S. Treasury Note Futures (FTNM)	0.1 percent (approximately 5 ticks)
10 Year U.S. Treasury Note Futures (FTNL)	0.1 percent (approximately 5 ticks)
30 Year U.S. Treasury Bond Futures (FTBX)	0.1 percent (approximately 5 ticks)

- (ii) or, in the case of an option, the price is no more than one-half the maximum applicable quote spread outside a price derived from a generally accepted theoretical model, which is based on the range of the day's underlying futures high and low (as determined by a validation matrix). ~~of the range of the day's high and low derived from a generally accepted theoretical model.~~
- (i) Immediately upon agreeing to enter into the Block Trade transaction, or upon the market's opening (or re-opening) if the transaction is agreed to be entered into by the parties at a time when the market is closed, the Member who is the Block Trade buyer (or whose Customer is the Block Trade buyer) shall ~~enter report~~ report the details of the Block Trade on the screen or by telephonic means as provided by the Exchange. With the exception of Block Trades that consist of at least 2500 U.S. Treasury futures contracts, within 15 minutes of ~~entry of reporting~~ reporting the details of the Block Trade ~~on the screen~~, the Member who is the Block Trade seller (or whose Customer is the Block Trade seller) shall confirm such Block Trade on the screen or by telephonic means as provided by the Exchange. For Block Trades that consist of at least 2500 U.S. Treasury futures contracts, the Member who is the Block Trade seller (or whose Customer is the Block Trade seller) shall confirm such Block Trade within 30 minutes. The Exchange shall immediately notify the parties to the transaction of the details

of the Block Trade upon confirmation, and immediately update the Online Time and Sales Report to reflect the transaction.

416. Exchange of Futures for Physicals Facility (EFPs).

Basis Trades or EFPs may be arranged and executed by a Member only through the electronic Basis Trading Facility or by telephonic means as provided by the Exchange, rather than on the Trading System, in accordance with the provisions of this Rule.

...

- (e) The transaction may be consummated at a price mutually agreed upon by the parties to the transaction; provided, that the price of the futures leg does not exceed the range of the day's overall high and low by more than the following values (The range of the day's high and low is determined by a validation matrix):

Contract	Range
2 Year. Treasury Note Futures (FTNS)	0.05 percent (approximately 5 ticks)
5 Year U.S. Treasury Note Futures (FTNM)	0.1 percent (approximately 5 ticks)
10 Year U.S. Treasury Note Futures (FTNL)	0.1 percent (approximately 5 ticks)
30 Year U.S. Treasury Bond Futures (FTBX)	0.1 percent (approximately 5 ticks)

...

- (h) Immediately upon agreeing to enter into a Basis Trade, or upon the market's opening (or re-opening) if the transaction is agreed to be entered into by the parties at a time when the market is closed, the Member who is the buyer of the Basis Trade (or whose Customer is the Basis Trade buyer) shall enter report the details of the Basis Trade on the screen or by telephonic means as provided by the Exchange. Within 60 minutes of entry of reporting the details of the Basis Trade on the screen, the Member who is the seller of the Basis Trade (or whose Customer is the Basis Trade seller) shall confirm the Basis Trade on the screen or by telephonic means as provided by the Exchange. The Exchange shall immediately notify the parties to the transaction the details of the Basis Trade upon confirmation, and immediately update the Online Time and Sales Report to reflect the transaction.

417. Exchange of Futures for Swaps (EFSs) Facility.

Exchange of Futures for Swaps, or EFSs may be arranged and executed by a Member only through the electronic EFS Facility or by telephonic means as provided by the Exchange, rather than on the Trading System, in accordance with the provisions of this Rule.

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- (g) The transaction may be consummated at a price mutually agreed upon by the parties to the transaction; provided, that the price of the futures leg does not exceed the range of the day's overall high and low by more than the following values (The range of the day's high and low is determined by a validation matrix):

Contract	Range
2 Year. Treasury Note Futures (FTNS)	0.05 percent (approximately 5 ticks)
5 Year U.S. Treasury Note Futures (FTNM)	0.1 percent (approximately 5 ticks)
10 Year U.S. Treasury Note Futures (FTNL)	0.1 percent (approximately 5 ticks)
30 Year U.S. Treasury Bond Futures (FTBX)	0.1 percent (approximately 5 ticks)

- ...
- (i) Immediately upon agreeing to enter into an EFS, or upon the market's opening (or re-opening) if the parties agree to enter into the transaction at a time when the market is closed, the Member who is the buyer of the EFS (or whose Customer is the EFS buyer) shall enter report the details of the EFS on the screen or by telephonic means as provided by the Exchange. Within 60 minutes of entry of reporting the details of the EFS on the screen, the Member who is the seller of the EFS (or whose Customer is the EFS seller) shall confirm the EFS on the screen or by telephonic means as provided by the Exchange. The Exchange shall immediately notify the parties to the transaction of the details of the EFS upon confirmation, and immediately update the Online Time and Sales Report to reflect the transaction.

418. Volatility (Vola) Trading Facility – Exchange of Futures for Options.

Volatility Trades may be effected only through the electronic Vola Trading Facility or by telephonic means as provided by the Exchange, rather than on the Trading System, in accordance with the provisions of this Rule.

(b) **Vola trading facility.** Vola trades can only be entered into on the Vola Trading Facility under the following conditions:

- i. Vola trades may be transacted only with respect to the following Option Contracts and their underlying Futures Contract:

Contract
Option on 2 Year U.S. Treasury Note Futures (OTNS)
Option on 5 Year U.S. Treasury Note Futures (OTNM)
Option on 10 Year U.S. Treasury Note Futures (OTNL)
Option on 30 Year U.S. Treasury Bond Futures (OTBX)

- ii. The number of Futures Contracts included in the futures leg of the transaction may not vary by more than 10 percent from the number necessary to be delta neutral;
- iii. The price for the futures leg does not exceed the range of the day's overall high and low by more than the following values (The range of the day's high and low is determined by a validation matrix):

Contract	Range
2 Year. Treasury Note Futures (FTNS)	0.05 percent (approximately 5 ticks)
5 Year U.S. Treasury Note Futures (FTNM)	0.1 percent (approximately 5 ticks)
10 Year U.S. Treasury Note Futures (FTNL)	0.1 percent (approximately 5 ticks)
30 Year U.S. Treasury Bond Futures (FTBX)	0.1 percent (approximately 5 ticks)

503. Clearing Authorization.

- (a) **Clearing Authorization Required to Trade.** Every ~~transaction~~ Contract executed on the ~~Trading System~~ Exchange shall be effected through a Member authorized by the Clearing Organization to act as a Clearing Member for the given product. A Member that is not a Clearing Member must have in effect, prior to trading, an agreement with a Clearing Member (the "Authorized Clearing Member") that will guarantee and clear the ~~transactions~~ Contracts executed on the Exchange of the Trading Member trading for its own account or for the account of its customers ~~effected through the Trading System~~.

- (b) **Guarantee of Authorized Clearing Member.** The Authorized Clearing Member shall guarantee and assume financial responsibility for all Contracts traded through the Trading System ~~executed on the Exchange~~ by the Trading Member it authorizes. The Authorized Clearing Member shall be liable upon all such trades made by the Trading Member and shall be a party to all disputes arising from trades between the Trading Member and other Members.