SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested ☐

Registered Entity Identifier Code (optional): <u>16-034 (4 of 4)</u>

Organization: <u>Commodity Exchange, Inc. ("COMEX")</u>

Filing as a: ☒**DCM**   ☐**SEF**   ☐**DCO**   ☐**SDR**

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): <u>01/27/2016</u>   Filing Description: <u>Amendments to Rule 539.C., Adoption of a Crossing Protocols Table, and Issuance of CME Group Market Regulation Advisory Notice RA1602-5</u>

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

☒	Certification	§ 40.6(a)
☐	Approval	§ 40.5(a)
☐	Notification	§ 40.6(d)
☐	Advance Notice of SIDCO Rule Change	§ 40.10(a)
☐	SIDCO Emergency Rule Change	§ 40.10(h)

Rule Numbers: <u>539.C.</u>

New Product	**Please note only ONE product per Submission.**	
☐	Certification	§ 40.2(a)
☐	Certification Security Futures	§ 41.23(a)
☐	Certification Swap Class	§ 40.2(d)
☐	Approval	§ 40.3(a)
☐	Approval Security Futures	§ 41.23(b)
☐	Novel Derivative Product Notification	§ 40.12(a)
☐	Swap Submission	§ 39.5

Official Product Name:

Product Terms and Conditions (product related Rules and Rule Amendments)

☐	Certification	§ 40.6(a)
☐	Certification Made Available to Trade Determination	§ 40.6(a)
☐	Certification Security Futures	§ 41.24(a)
☐	Delisting (No Open Interest)	§ 40.6(a)
☐	Approval	§ 40.5(a)
☐	Approval Made Available to Trade Determination	§ 40.5(a)
☐	Approval Security Futures	§ 41.24(c)
☐	Approval Amendments to enumerated agricultural products	§ 40.4(a), § 40.5(a)
☐	"Non-Material Agricultural Rule Change"	§ 40.4(b)(5)
☐	Notification	§ 40.6(d)

Official Name(s) of Product(s) Affected:
Rule Numbers:

January 27, 2016

VIA ELECTRONIC PORTAL

Mr. Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

> **RE:** **CFTC Regulation 40.6(a) Certification. Amendments to CME, CBOT, NYMEX, and COMEX Rule 539.C. ("Pre-Execution Communications Regarding Globex Trades"), Adoption of a Crossing Protocols Table in Connection with the Amendments to Rule 539.C., and Issuance of CME Group Market Regulation Advisory Notice RA1602-5.**
> **COMEX Submission No. 16-034 (4 of 4)**

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission ("CFTC" or "Commission") Regulation 40.6(a), Chicago Mercantile Exchange Inc. ("CME"), The Board of Trade of the City of Chicago, Inc. ("CBOT"), New York Mercantile Exchange, Inc. ("NYMEX"), and Commodity Exchange, Inc. ("COMEX") (collectively, the "Exchanges") hereby notify the Commission that they are self-certifying amendments to CME/CBOT/NYMEX/COMEX Rule 539.C. ("Pre-Execution Communications Regarding Globex Trades") and are adopting a Crossing Protocols Table ("Table") in connection with the amendments to Rule 539.C. which will be incorporated into the Interpretations & Special Notices Section relating to Chapter 5 ("Trading Qualifications and Practices") of each Exchange's Rulebook. The amended Rule and the new Table will be effective on Sunday, April 10, 2016 for trade date Monday, April 11, 2016.

Committed Cross

The amendments to Rule 539.C. include the adoption of a new crossing mechanism, the Committed Cross ("C-Cross"). C-Cross will initially be available for all options contracts on CME and CBOT interest rate, equity, and FX, and will replace the existing cross protocol in those options products, the Request for Quote ("RFQ")/Request for Cross ("RFC") ("R-Cross") protocol. R-Cross requires that an RFQ be sent to the marketplace and a prescribed period of time must elapse prior to the entry of the RFC, which is a message that contains both the buy and the sell orders resulting from the pre-execution communication. RFQs do not, in any way, identify to the marketplace that an RFC may be forthcoming. The RFQ which precedes an RFC is indistinguishable from any other RFQ being sent to CME Globex by a market participant attempting to discern interest in a particular market.

C-Cross eliminates the requirement that an RFQ be issued prior to the entry of the orders via an RFC. In the C-Cross, subsequent to the pre-execution communication, the submitter must definitively submit the cross order to the marketplace via the RFC, which will result in an indication being sent to the marketplace that a cross has been committed and will match against the available order book liquidity and/or be crossed after a certain period of time has elapsed, which is identified as the pre-cross period. The pre-cross period will be five (5) seconds, and will provide market participants with the ability to respond to the forthcoming cross by entering orders into CME Globex prior to the match engine processing the cross. Unlike an RFQ, the pre-cross period message specifically indicates that a cross will be entered and therefore provides the

market with more information than in the traditional R-Cross process.

In connection with the adoption of C-Cross, CME and CBOT will additionally introduce a Better Price Match Allocation ("BPM Allocation"). The BPM Allocation will provide matching priority to a specified percentage of a cross order in cases where the pending cross order represents a new best price level (a price level higher than the best bid and lower than the best offer at the time of entry) at the time it is submitted and, during the pre-cross period, a better price for either the buy or sell order has not been entered into CME Globex. If both those conditions occur, a certain percentage of the quantity on the RFC will cross at the RFC price. CME and CBOT will adopt a BPM Allocation of 20% for all options on interest rate and FX products effective with the adoption of C-Cross. Upon adoption of C-Cross, equity options will not have a BPM Allocation.

Given that C-Cross provides definitive information that a cross is forthcoming, the BPM Allocation is being adopted as a means of rewarding brokers who enter RFC orders into CME Globex on behalf of clients at a price better than the current bid/offer prices. This entry of the RFC serves to tighten the market and, the pre-cross notification period of five (5) seconds provides ample opportunity for all interested market participants to enter their best bids and/or offers into CME Globex in advance of the cross occurring. Should no such new orders be entered at a price better than the price on the RFC, the 20% match allocation is intended to reward the broker for the initial entry of the RFC at a new best price.

The matching algorithm applicable to C-Cross will depend on whether the particular product is eligible for a BPM Allocation as described above. The following sets forth the manner in which the cross orders will be processed by Globex:

Matching Algorithm for C-Cross with BPM Allocation:

If the price of the RFC represents a new best price level (both a bid price higher than the current bid and an offer price lower than the current offer) at the time of submission of the RFC to CME Globex, and, during the five (5) second period between the entry of the RFC and the cross occurring, a better price for either the buy or sell order has not been entered into CME Globex, a certain percentage of the quantity ("BPM Allocation") on the RFC will cross at the RFC price. After the initial BPM Allocation, the remainder of the RFC will match as set forth below.

If the event the RFC price does not meet both of the requirements set forth above, the entirety of the cross will match as set forth below.

Matching Algorithm for C-Cross without BPM Allocation:

If the RFC price improves both the best bid and best offer (or if there is no bid/offer) in the order book after the five (5) seconds following submission of the RFC, 100% of the RFC quantity will match at the RFC price.

If the RFC price matches or is outside the best bid or offer in the market after the five (5) seconds following submission of the RFC, the applicable side of the RFC order will match against the orders in the book at a price better than or equal to the RFC price. Immediately thereafter, 100% of the smaller quantity remaining on one side of the RFC will match against the order on the opposite side of the RFC at the RFC price. Any unmatched balance on one side of the RFC will remain in the order book unless it is cancelled by the user.

As noted earlier, upon adoption of C-Cross, R-Cross will no longer be permitted for CME and CBOT options on interest rate, equity, and FX.

Agency Cross

Also effective on April 11, 2016, CME will begin to permit Agency Cross, an existing cross protocol, for FX options.

<u>Revisions to CME/CBOT/NYMEX/COMEX Rule 539.C. & Adoption of Rule 539.C. Crossing Protocols Table</u>

The revisions to each Exchange's Rule 539.C. reflect the adoption of C-Cross. However, C-Cross will initially be available solely in those CME and CBOT option products described above. The Exchanges are adding C-Cross to NYMEX and COMEX Rule 539.C. in order to keep the rules as harmonized as possible. Additionally, doing so will allow for any crossing protocol to be adopted in the future for any group of products, upon appropriate notification to the CFTC and the marketplace.

In order for market participants to have accurate information on the crossing protocols available for various products, and those products eligible for a BPM Allocation in connection with C-Cross, the Exchanges are also adopting a new Rule 539.C. Crossing Protocols Table ("Table") into the Interpretations & Special Notices Section of Chapter 5. The revisions to each Exchange's Rule 539.C. appear in Exhibit A, with additions underscored and deletions overstruck. The Table is attached under separate cover as Exhibit B.

<u>Issuance of CME Group Market Regulation Advisory Notice RA1602-5</u>

In connection with the amendments to Rule 539.C. and the adoption of the Table, the Exchanges will issue CME Group Market Regulation Advisory Notice RA1602-5 ("RA1602-5") to the marketplace on Thursday, January 28, 2016. RA1602-5 also provides detailed information on the introduction of C-Cross. A copy of RA1602-5 appears in Exhibit C.

The Exchanges reviewed the designated contract market core principles ("DCM Core Principles") as set forth in the Commodity Exchange Act ("CEA" or "Act") and identified that the new rule and rule amendments may have some bearing on the following DCM Core Principles:

- <u>Compliance with Rules</u>: The amendments to Rule 539.C., the Table and RA1602-5 concern the introduction of a new crossing protocol, C-Cross, and the extension of A-Cross to certain CME and CBOT products. As required under this Core Principle, the introduction of the new crossing protocol will be enforced by the Market Regulation Department by the team responsible for the review of trades resulting from pre-execution communications.

- <u>Availability of General Information</u>: Amended Rule 539.C., the Table, and RA1602-5 will be posted publicly on the CME Group website in satisfaction of this Core Principle. In addition, the Exchanges will issue RA1602-5 to the marketplace on January 28, 2016.

- <u>Execution of Transactions</u>: The introduction of C-Cross as a fourth crossing protocol remains a competitive execution on CME Globex based on the algorithm applied by the match engine to the handling of the RFC. The 20% BPM Allocation in CME and CBOT options on interest rate and FX will only take place in circumstances where two conditions are met – 1) the price on the pending cross order represents a new best price level (a price level higher than the best bid and lower than the best offer at the time of entry) at the time it is submitted and, 2) during the pre-cross period, a better price for either the buy or sell order has not been entered into CME Globex.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchanges certify that the amendments to Rule 539.C., the Table, and RA1602-5 comply with the Act and regulations thereunder. There were no substantive opposing views to this proposal.

The Exchanges certify that this submission has been concurrently posted on the Exchanges' website at http://www.cmegroup.com/market-regulation/rule-filings.html.

If you require any additional information regarding this submission, please contact me at 212.299.2200 or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A: Amendments to CME/CBOT/NYMEX/COMEX Rule 539.C. and Interpretations & Special Notices Relating to Chapter 5
Exhibit B: Rule 539.C. Crossing Protocols Table (attached under separate cover)
Exhibit C: RA1602-5

EXHIBIT A

CME/CBOT/NYMEX/COMEX RULEBOOK

Chapter 5
Trading Qualifications and Practices

(additions underscored; deletions ~~overstruck~~)

CME

Rule 539   PREARRANGED, PRE-NEGOTIATED AND NONCOMPETITIVE TRADES PROHIBITED

539.A.   General Prohibition

No person shall prearrange or pre-negotiate any purchase or sale or noncompetitively execute any transaction, except in accordance with Sections B. and C. below.

539.B.   Exceptions

The foregoing restriction shall not apply to block trades pursuant to Rule 526, Exchange for Related Positions transactions pursuant to Rule 538 ~~and~~or LOX Orders pursuant to Rule 549.

539.C.   Pre-Execution Communications Regarding Globex Trades

Parties may engage in pre-execution communications with regard to transactions executed on the Globex platform where one party (the first party) wishes to be assured that a contra party (the second party) will take the opposite side of the order under the following circumstances:

1. A party may not engage in pre-execution communications with other market participants on behalf of another party unless the party for whose benefit the trade is being made has previously consented to permit such communications.

2. Parties to pre-execution communications shall not (i) disclose to a non-party the details of such communications or (ii) enter an order to take advantage of information conveyed during such communications except in accordance with this rule.

3. ~~In the case of~~ Permissible Entry Methods for Orders

    The following order entry methods for futures ~~orders~~, options, spreads and combinations vary by product, as set forth in the Rule 539.C. Crossing Protocols Table ("Table") in the Interpretations Section at the end of Chapter 5.

    a.   Globex Cross ("G-Cross")

        The first party's order ~~must be~~is entered into the Globex platform first ~~and the~~. The second party's order may not be entered into the Globex platform until a period of 5 seconds has elapsed from the time of entry of the first order.

    ~~4.   In the case of options orders, subsequent to~~b.   Agency Cross ("A-Cross")

        A Cross Sequence ("CS") is used by a broker to enter the buy and the sell orders into Globex. Following the pre-execution communication, a Request for Quote ("RFQ") for the particular futures, options, spread or combination is entered into the Globex platform. Thereafter, a Cross Sequence, which is defined as the entry of a day-limit order followed immediately by the entry of a day-fill-and-kill order, must be entered into the Globex platform no less than fifteen (15) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade. The first party's order must be entered first, as a day-limit order, followed immediately by the entry of the second order as a day-fill-and-kill order. The CS must occur within the same trading session. Failure to enter the buy and sell orders within 30 seconds after the entry of the RFQ will require a new CS to be initiated in order to proceed with the trade.

    c.   Committed Cross ("C-Cross")

        Following the pre-execution communication, a Request for Cross ("RFC") order which contains both the buy and the sell orders must be entered into the Globex platform. Upon entry of the RFC, the Globex platform will display an indication that a cross will occur in five (5) seconds. In certain products as set forth in the Table in the Interpretations Section at the end of Chapter 5, a certain percentage of the quantity on the RFC

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will cross if the price of the RFC represents a new best price level at the time of submission of the RFC to the Globex platform and a better price for either the buy or sell order has not been entered into the Globex platform during the five (5) second period between entry of the RFC and the cross occurring.

d.   RFQ + RFC Cross ("R-Cross")

Following the pre-execution communication, a Request for Quote ("RFQ") for the particular option or option spread or combination must be entered into Globex. ~~Thereafter, in equity options, a Request for Cross ("RFC") order which contains both the buy and the sell orders must be entered into Globex no less than five (5) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade. In all other options~~Thereafter, the RFC order must be entered no less than fifteen (15) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade. The RFQ and the RFC order must be entered within the same trading session. Failure to enter the RFC order within 30 seconds after the entry of the RFQ will require a new RFQ to be entered prior to the entry of the RFC order, which must be entered in accordance with the time parameters described above in order to proceed with the trade.

CBOT

Rule 539   PREARRANGED, PRE-NEGOTIATED AND NONCOMPETITIVE TRADES PROHIBITED

539.A.   General Prohibition

No person shall prearrange or pre-negotiate any purchase or sale or noncompetitively execute any transaction, except in accordance with Sections B. and C. below.

539.B.   Exceptions

The foregoing restrictions shall not apply to block trades pursuant to Rule 526 or Exchange for Related Positions transactions pursuant to Rule 538.

539.C.   Pre-Execution Communications Regarding Globex Trades

Parties may engage in pre-execution communications with regard to transactions executed on the Globex platform in the following futures, options and swaps products where one party wishes to be assured that a contra party will take the opposite side of the order: Interest Rate futures, options and swaps, Equity Index futures and options, Ethanol futures and options, Commodity Index futures, Real Estate Index futures and, during those hours designated by the Exchange, Ggrain and Ooilseed options.

Pre-execution communications in those products may occur under the following circumstances:

1.   A party may not engage in pre-execution communications with other market participants on behalf of another party unless the party for whose benefit the trade is being made has previously consented to permit such communications.

2.   Parties to pre-execution communications shall not (i) disclose to a non-party the details of such communications or (ii) enter an order to take advantage of information conveyed during such communications except in accordance with this rule.

3.   ~~In the case of~~ Permissible Entry Methods for Orders

The following order entry methods for futures~~orders and/or~~, options, swaps, spreads and combinations vary by product, as set forth in the Rule 539.C. Crossing Protocols Table ("Table") in the Interpretations Section at the end of Chapter 5.

a.   Globex Cross ("G-Cross")

The first party's order ~~must be~~is entered into the Globex platform first ~~and the~~. The second party's order may not be entered into the Globex platform until a period of 5 seconds has elapsed from the time of entry of the first order.

4.   ~~In the case of options orders, subsequent to~~b.   Agency Cross ("A-Cross")

A Cross Sequence ("CS") is used by a broker to enter the buy and the sell orders into Globex. Following the pre-execution communication, a Request for Quote ("RFQ") for the particular futures, options, spread or combination is entered into the Globex platform. Thereafter, a Cross Sequence, which is defined as the entry of a day-limit order followed immediately by the entry of a day-fill-and-kill order, must be entered into the Globex platform no less than fifteen (15) seconds and no more than thirty (30) seconds after the entry of

the RFQ in order to proceed with the trade. The first party's order must be entered first as a day-limit order, followed immediately by the entry of the second order as a day-fill-and-kill order. The CS must occur within the same trading session. Failure to enter the buy and sell orders within 30 seconds after the entry of the RFQ will require a new CS to be initiated in order to proceed with the trade.

c.   Committed Cross ("C-Cross")

Following the pre-execution communication, a Request for Cross ("RFC") order which contains both the buy and the sell orders must be entered into the Globex platform. Upon entry of the RFC, the Globex platform will display an indication that a cross will occur in five (5) seconds. In certain products as set forth in the Table in the Interpretations Section at the end of Chapter 5, a certain percentage of the quantity on the RFC will cross if the price of the RFC represents a new best price level at the time of submission of the RFC to the Globex platform and a better price for either the buy or sell order has not been entered into the Globex platform during the five (5) second period between entry of the RFC and the cross occurring.

d.   RFQ + RFC Cross ("R-Cross")

Following the pre-execution communication, a Request for Quote ("RFQ") for the particular option or option spread or combination must be entered into Globex. ~~Thereafter, in equity options, a Request for Cross ("RFC") order which contains both the buy and the sell orders must be entered into Globex no less than five (5) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade. In all other Ethanol options~~Thereafter, the RFC order must be entered no less than fifteen (15) and no more than thirty (30) seconds after the RFQ in order to proceed with the trade. The RFQ and the RFC order must be entered within the same trading session. Failure to enter the RFC order within 30 seconds after the entry of the RFQ will require a new RFQ to be entered prior to the entry of the RFC order, which must be entered in accordance with the time parameters described above in order to proceed with the trade.

NYMEX/COMEX

Rule 539   PREARRANGED, PRE-NEGOTIATED AND NONCOMPETITIVE TRADES PROHIBITED

539.A. General Prohibition

No person shall prearrange or pre-negotiate any purchase or sale or noncompetitively execute any transaction, except in accordance with Sections B. and C. below.

539.B. Exceptions

The foregoing restriction shall not apply to block trades pursuant to Rule 526 or Exchange for Related Positions transactions pursuant to Rule 538.

539.C. Pre-Execution Communications Regarding Globex Trades

Parties may engage in pre-execution communications with regard to transactions executed on the Globex platform where one party (the first party) wishes to be assured that a contra party (the second party) will take the opposite side of the order under the following circumstances:

1.   A party may not engage in pre-execution communications with other market participants on behalf of another party unless the party for whose benefit the trade is being made has previously consented to permit such communications.

2.   Parties to pre-execution communications shall not (i) disclose to a non-party the details of such communications or (ii) enter an order to take advantage of information conveyed during such communications except in accordance with this rule.

3.   Permissible Entry Methods for ~~Futures~~ Orders ~~(including~~
The following order entry methods for futures~~-only spread~~, options, spreads and ~~combination trades)~~ combinations vary by product, as set forth in the Rule 539.C. Crossing Protocols Table ("Table") in the Interpretations Section at the end of Chapter 5.

a.   Globex Cross~~:~~ ("G-Cross")

The first party's order is entered into the Globex platform first~~and the~~. The second party's order may not be entered into the Globex platform until a period of 5 seconds has elapsed from the time of entry of the first order.

b.   Agency Cross~~:   Alternatively, in certain eligible products, a~~ ("A-Cross")

A Cross Sequence ("CS") ~~may be~~is used by a broker to enter the buy and the sell orders into Globex. Following the pre-execution communication, a Request for Quote ("RFQ") for the particular futures ~~or futures~~, options, spread or combination is entered into the Globex platform. Thereafter, a Cross Sequence, which is defined as the entry of a day-limit order followed immediately by the entry of a day-fill-and-kill order, must be entered ~~in~~into the Globex platform no less than five (5) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade. The first party's order must be entered first as a day-limit order, followed immediately by the entry of the second order as a day-fill-and-kill order. The CS must occur within the same trading session. Failure to enter the buy and sell orders within 30 seconds after the entry of the RFQ will require a new CS to be initiated in order to proceed with the trade.~~4.~~

~~Entry Methods for Options Orders (including all spreads and combinations containing an option)~~

a. ~~Globex~~c.Committed Cross~~:~~ ("C-Cross")

Following the pre-execution communication~~, an RFQ for the particular option or option spread or combination is entered into Globex. Thereafter~~, a Request for Cross ("RFC") order which contains both the buy and the sell orders must be entered into the Globex ~~no less than~~platform. Upon entry of the RFC, the Globex platform will display an indication that a cross will occur in five (5) seconds. In certain products as set forth in the Table in the Interpretations Section at the end of Chapter 5, a certain percentage of the quantity on the RFC will cross if the price of the RFC represents a new best price level at the time of submission of the RFC to the Globex platform and a better price for either the buy or sell order has not been entered into the Globex platform during the five (5) second period between entry of the RFC and the cross occurring.

d. RFQ + RFC Cross ("R-Cross")

Following the pre-execution communication, a Request for Quote ("RFQ") for the particular option or option spread or combination must be entered into Globex. Thereafter, the RFC order must be entered no less than fifteen (15) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade. The RFQ and the RFC order must be entered within the same trading session. Failure to enter the RFC order within 30 seconds after the entry of the RFQ will require a new RFQ to be entered prior to the entry of the RFC order, which must be entered in accordance with the time parameters described above in order to proceed with the trade.

b. ~~Agency Cross: Alternatively, in certain eligible products, a Cross Sequence ("CS") may be used by a broker to enter the buy and the sell orders into Globex. Following the pre-execution communication, a Request for Quote ("RFQ") for the particular options or options spread or combination is entered into Globex. Thereafter, a Cross Sequence, which is defined as the entry of a day-limit order followed immediately by the entry of a day-fill-and-kill order, must be entered in Globex no less than five (5) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade. The first party's order must be entered first as a day-limit order, followed immediately by the entry of the second order as a day-fill-and-kill order. The CS must occur within the same trading session. Failure to enter the buy and sell orders within 30 seconds after the entry of the RFQ will require a new CS to be initiated in order to proceed with the trade.~~

CME/CBOT/NYMEX/COMEX RULEBOOK
INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 5

POSITION LIMIT, POSITION ACCOUNTABILITY AND REPORTABLE LEVEL TABLE
View table here (XLS)

SPECIAL PRICE FLUCTUATION LIMITS TABLE
View table here (XLS)

TRADING AT SETTLEMENT ("TAS") TABLE
View table here (XLS)

RULE 539.C. CROSSING PROTOCOLS TABLE
View table here (XLS)

EXHIBIT B

CME/CBOT/NYMEX/COMEX RULEBOOK

INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 5

Rule 539.C. Crossing Protocols Table

(attached under separate cover)

<u>**EXHIBIT C**</u>

MARKET REGULATION ADVISORY NOTICE
_____

Exchange	**CME, CBOT, NYMEX & COMEX**
Subject	**Pre-Execution Communications**
Rule References	**Rule 539**
Advisory Date	**January 28, 2016**
Advisory Number	**CME Group RA1602-5**
Effective Dates	**April 11, 2016**

Effective on trade date April 11, 2016, and pending all relevant CFTC review periods, this Advisory Notice will supersede CME Group Market Regulation Advisory Notice RA1410-5 from December 15, 2014. It is being issued as a result of changes in the cross protocols applicable to the entry of trades into the CME Globex platform ("Globex") that result from permissible pre-execution communications pursuant to each Exchange's Rule 539.C. ("Pre-Execution Communications Concerning Globex Trades"). The changes include the following, and will become effective Sunday, April 10, 2016, for trade date Monday, April 11, 2016:

- Adoption of a new cross protocol, the Committed Cross ("C-Cross"), for financial options, inclusive of all CME FX options and all CME and CBOT Interest Rate and Equity Index options;
- Elimination of the RFQ + RFC ("R") Cross protocol for the above-referenced financial options, and;
- Extension of the Agency ("A") Cross protocol to all CME FX futures and options.

Concurrent with the adoption of the changes, the Exchanges will also adopt a new Rule 539.C. Crossing Protocols Table ("Table") into the Interpretations & Special Notices Section of Chapter 5 in each Exchange's Rulebook. This Table sets forth the allowable cross protocols across all CME Group products where pre-execution communications regarding Globex trades are permitted, and appears in Section 4 of this Advisory Notice.

<u>Prior to the effective date, market participants must continue to comply with the information set forth in RA1410-5 from December 14, 2014.</u>

1. General Overview of Pre-Execution Communications

Pre-execution communications are defined as communications between market participants for the purpose of discerning interest in the execution of a transaction prior to the exposure of the order to the market. Any communication that involves discussion of the size, side of market or price of an order, or a potentially forthcoming order, constitutes a pre-execution communication.

Pre-execution communications are prohibited in connection with pit transactions executed on the trading floor, with the sole exception of CME options on S&P futures transactions executed in accordance with CME Rule 549 ("Large Order Execution Transactions – ("LOX Orders")).

<u>CME, NYMEX and COMEX Products</u>

Pre-execution communications are permitted in all CME, NYMEX and COMEX futures and options products traded on Globex.

<u>CBOT Products</u>

Pre-execution communications are **prohibited** in:

- CBOT Grain and Oilseed futures at all times; and
- CBOT Grain and Oilseed options during the hours of 7:45 a.m. to 7:00 p.m. Central Time ("CT") each trading day.

Pre-execution communications are permitted in all other CBOT futures, options and swap products at all times.

2.   General Requirements for Permissible Pre-Execution Communications on Globex

In products where pre-execution communications are allowed, such communications may occur only when the party for whose benefit the trade is being executed has previously consented to such communications.

Parties who have been involved in an allowable pre-execution communication may not disclose the details of that communication to other parties, nor may a party place any order to take advantage of the information conveyed in such communications except to facilitate the trade in accordance with the rule.

All transactions arising from permitted pre-execution communications must be executed in accordance with the requirements set forth in Rule 539.C.

3.   Pre-Execution Communications Crossing Protocols on Globex

Beginning on April 11, 2016, there will be four different cross protocols for the entry of orders into Globex that result from permissible pre-execution communications. The permissible protocol(s) for a particular product will be set forth in the Table, which will be adopted into the Rulebooks on that date. The Table appears in Section 4 of this Advisory Notice.

Market participants must ensure that the entry of orders into Globex which result from permissible pre-execution communications utilize a permitted cross protocol for the particular product. In many instances, more than one cross protocol may be available for a particular group of products.

The use of an ineligible cross protocol for a particular product or group of products constitutes a violation of Rule 539.C.

A description of the four cross protocols is set forth below:

A.   <u>Globex Cross ("G-Cross")</u>

In a G-Cross, the order of the party that initiated the pre-execution must be entered into Globex first. The second party's order may not be entered into Globex until a period of 5 seconds has elapsed from the time of entry of the first order. No Request for Quote ("RFQ") is required in a G-Cross.

The G-Cross protocol is available for all futures and swaps products for which pre-execution communications are permissible. The G Cross protocol may not be used for the entry of any options orders or any spreads or combinations that include an option.

B.   <u>Agency Cross ("A-Cross")</u>

In an A-Cross, a Cross Sequence ("CS") is used by a broker to enter the buy and the sell orders into Globex. Following the pre-execution communication, an RFQ for the particular futures, options, swap, spread or combination must be entered into Globex. Thereafter, a CS, which is defined as the entry of a

day-limit order followed immediately by the entry of a day-fill-and-kill order, must be entered into Globex as follows:

> For eligible NYMEX and COMEX Products, the orders must be entered no less than five (5) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade; or,

> For all CME FX futures and options products, the orders must be entered no less than fifteen (15) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade.

A-Cross functionality is currently supported solely on CME Direct. Information concerning registering for access to CME Direct may be accessed via the following link:

http://www.cmegroup.com/trading/cme-direct/registration.html

The A-Cross protocol is available in select NYMEX and COMEX futures and options products, which may be accessed via the following link:

http://www.cmegroup.com/trading/energy/agency-cross-eligible-products-for-energy-and-metals.html

It is also available for all CME FX futures and options products.

While A-Cross functionality on CME Direct allows the broker to populate the opposing buy and sell orders in a single ticket, those orders will result in two discrete Globex order entries, which will be handled according to the particular algorithm applicable to the product.

The broker must select the non-initiating party as the 'Aggressor' on the order ticket, which results in the CS being populated with the initiating party's order as a day limit order and the non-initiating party's order as a day fill-and-kill order. Failure to enter the buy and sell orders within 30 seconds after the entry of the RFQ will require the entry of a new RFQ and CS in order to proceed with the trade.

The initiating order will immediately match against any orders in the order book on the opposite side of the market that are at a price better than or equal to the price on the initiating order, up to the full quantity on the initiating order. Any unmatched balance on the initiating order will be filled against the non-initiating counterparty, and any remaining unmatched balance on the non-initiating side will be immediately cancelled.

If the cross price improves the best bid and the offer in the order book, or if there is no bid or offer in the order book, the two orders on the CS will be filled in their entirety opposite one another, unless any new orders are entered at a price equal to or better than the intended cross price before CS reaches Globex. If a new order is entered at a price equal to or better than the intended cross price before the CS reaches Globex, either of the two orders intended to be crossed will first transact against existing orders in the order book.

    C.   <u>Committed Cross ("C-Cross")</u>

In a C-Cross, subsequent to the pre-execution communication, a Request for Cross ("RFC") order which contains both the buy and the sell orders must be entered into Globex. Upon entry of the RFC, Globex will display an indication that a cross has been committed to the market and will occur in five (5) seconds.

The matching algorithm for the C-Cross will depend on whether the group of products is eligible for a better price match ("BPM"). See the Table for information on products eligible for a BPM allocation and the specific match percentage applicable to those products.

    1.   Matching Algorithm for C-Cross with BPM:

If the price of the RFC represents a new best price level (both a bid price higher than the current bid and an offer price lower than the current offer) at the time of submission of the RFC to Globex, **and**, during the five (5) second period between the entry of the RFC and the cross occurring, a <u>better price</u> for <u>either</u> the buy or sell order <u>has not</u> been entered into Globex, a certain percentage of the quantity ("BPM allocation") on the RFC will cross at the RFC price. After the initial BPM allocation, the remainder of the RFC will match as set forth in #2 below.

If the event the RFC price does not meet both of the requirements set forth above, the entirety of the cross will match as set forth in Section B.

2. Matching Algorithm for C-Cross without BPM:

If the RFC price improves both the best bid and best offer (or if there is no bid/offer) in the order book after the five (5) seconds following submission of the RFC, 100% of the RFC quantity will match at the RFC price.

If the RFC price matches or is outside the best bid or offer in the market after the five (5) seconds following submission of the RFC, the applicable side of the RFC order will match against the orders in the book at a price better than or equal to the RFC price. Immediately thereafter, 100% of the smaller quantity remaining on one side of the RFC will match against the order on the opposite side of the RFC at the RFC price. Any unmatched balance on one side of the RFC will remain in the order book unless it is cancelled by the user.

C-Cross will be available in CME FX options and CME and CBOT Interest Rate and Equity Index options.

C-Cross functionality will be supported on CME Direct, and may be supported by other Independent Software Vendors ("ISVs").

D. <u>RFQ + RFC Cross ("R-Cross")</u>

In an R-Cross, subsequent to the pre-execution communication, an RFQ for the particular option or spread or combination involving an option must be entered into Globex. Thereafter, the RFC order must be entered no less than fifteen (15) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade. The RFQ and the RFC order must be entered within the same trading session. Failure to enter the RFC order within 30 seconds after the entry of the RFQ will require a new RFQ to be entered prior to the entry of the RFC order, which must be entered in accordance with the time parameters described above in order to proceed with the trade.

Neither the price nor the quantity of the orders on the RFC is displayed to the marketplace. Additionally, there is no information on the associated RFQ which identifies that an RFC is forthcoming. An RFQ in connection with an R-Cross is indistinguishable from a generic RFQ sent to Globex.

Numerous ISVs support the R-Cross. For market participants using CME Direct, functionality built into the application will prevent the entry of the RFC outside of the prescribed time requirements. This functionality is intended to facilitate compliance with the relevant entry time requirements.

The matching algorithm for R-Cross is as follows:

1. If the RFC price improves both the best bid and best offer in the order book or if there is no bid/offer in the order book, 100% of the RFC quantity will match at the RFC price immediately upon submission of the RFC.

2. If the RFC price matches or is outside the best bid or offer in the market, the applicable side of the RFC order will immediately match against the orders in the book at a price better than or equal to the RFC price. Immediately thereafter, 100% of the smaller quantity remaining on one

side of the RFC will match against the order on the opposite side of the RFC at the RFC price. Any unmatched balance on one side of the RFC will remain in the order book unless it is cancelled by the user.

As of April 11, 2016, RFQ + RFC Cross will remain available for CME Agriculture options, Commodity Index options, Real Estate options and Weather options; CBOT Grain and Oilseed options (during the time period set forth in Section 1); and in all NYMEX and COMEX options.

4.   Rule 539.C. Crossing Protocols Table

Legend	
✓	Permitted
✓*	Permitted, see Notes Section for details
	Crossing Not Permitted, Method Not Available, BPM Allocation not available or Product Subgroup Not Offered by Exchange

Product Class	DCM	Product Subgroup	Globex ("G") Cross		Agency ("A") Cross		RFQ + RFC ("R") Cross		Committed ("C") Cross		C-Cross Better Price Match ("BPM") Allocation
			Futures	Options	Futures	Options	Futures	Options	Futures	Options	
Agriculture	CME	ALL	✓					✓			
Equities	CME	Commodity Index	✓					✓			
Agriculture	CBOT	Grain/Oilseed						✓*			
Agriculture	NYMEX	Softs	✓		✓			✓			
Energy	CBOT	Biofuels	✓					✓			
Energy	NYMEX	ALL	✓		✓**	✓**		✓			
Equities	CME	ALL	✓							✓	0%
Equities	CBOT	ALL	✓							✓	0%
FX	CME	ALL	✓		✓	✓				✓	20%
Interest Rate	CME	ALL	✓		☐	☐				✓	20%
Interest Rate	CBOT	ALL	✓		☐	☐				✓	20%
Metals	NYMEX	ALL	✓		✓**	✓**		✓			
Metals	COMEX	ALL	✓		✓**	✓**		✓			
Real Estate	CME	ALL	✓					✓			
Real Estate	CBOT	ALL	✓								
Weather	CME	ALL	✓					✓			

Notes:
* RFQ + RFC Cross in CBOT Grain/Oilseed options permitted solely from 7:00 p.m. - 7:45 a.m. Central Time each trading day.
** Agency Cross available in select NYMEX and COMEX energy and metals contracts -
see http://www.cmegroup.com/trading/energy/agency-cross-eligible-products-for-energy-and-metals.html

5. Questions and Answers Regarding Products for which Pre-Execution Communications are Prohibited

Q1:   In which products are pre-execution communications prohibited?

A1:   Pre-executions communications are prohibited in CBOT grain and oilseed futures at all times and in Grain and Oilseed options on futures from 7:45 a.m. CT to 7:00 p.m. CT each business day.

Q2:   If a customer has an interest in a particular transaction in these products and requests a market, how can the salesperson obtain a market for the customer?

A2:   For CBOT Grain and Oilseed options intended for execution via open outcry in the trading pit, a market would be requested from members in the trading pit. In the electronic venue, the salesperson would identify the bid/offer and depth of market posted on CME Globex. If the posted bid/offer is deemed too wide or insufficiently deep, it is recommended that a Request for Quote ("RFQ") be submitted. This action will typically generate additional interest and, in the case of products supported by a market-maker program, market makers are obliged to respond to a specified percentage of RFQs.

Q3:   What if an RFQ is submitted and there is no response or an inadequate response in terms of the tightness or depth of the market?

A3:   In this circumstance, another RFQ should be submitted. With an active RFQ, it is also permissible to contact potential counterparties (i.e. market makers), alert them to the RFQ and ask them to submit a market or to tighten/deepen the existing market. An RFQ is considered active for 60 seconds following submission. To ensure that such communications do not become prohibited pre-execution communications, only the information disclosed via the RFQ may be disclosed in such communications.

Q4:   Is it permissible to contact other market participants to obtain general market color without violating the prohibition on pre-execution communications?

A4:   Communications to obtain general market color are permissible <u>provided there is no express or obviously implied arrangement to execute a specified trade and no non-public information is communicated regarding an order</u>.

Q5:   If an order has been submitted on CME Globex, are there any restrictions on communicating with potential counterparties?

A5:   With a resting order exposed on CME Globex, it is permissible to contact potential counterparties to solicit interest in trading against the order. In any such communications, no non-public information (i.e. information not represented in the terms of the order exposed to the market) may be disclosed. For example, if the represented offer is for 250 contracts, it would be a violation of the rules to disclose that there are an additional 500 contracts to sell because that information has not been disclosed to the market.

Questions regarding this advisory may be directed to one of the following individuals in the Market Regulation Department:

Erin Coffey, Senior Rules & Regulatory Outreach Specialist, 312.341.3286

Jennifer Dendrinos, Director, Investigations, 312.341.7812

Colin Garvey, Manager, Investigations, 312.435.3656

Aaron Nessel, Senior Investigator, Investigations, 312.435.3578

Reed Showalter, Investigator, Investigations, 312.435.3743

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

CME Rule 539
PREARRANGED, PRE-NEGOTIATED AND NONCOMPETITIVE TRADES PROHIBITED

539.A. General Prohibition

No person shall prearrange or pre-negotiate any purchase or sale or noncompetitively execute any transaction, except in accordance with Sections B. and C. below.

539.B. Exceptions

The foregoing restriction shall not apply to block trades pursuant to Rule 526, Exchange for Related Positions transactions pursuant to Rule 538 or LOX Orders pursuant to Rule 549.

539.C. Pre-Execution Communications Regarding Globex Trades

Parties may engage in pre-execution communications with regard to transactions executed on the Globex platform where one party (the first party) wishes to be assured that a contra party (the second party) will take the opposite side of the order under the following circumstances:

1. A party may not engage in pre-execution communications with other market participants on behalf of another party unless the party for whose benefit the trade is being made has previously consented to permit such communications.

2. Parties to pre-execution communications shall not (i) disclose to a non-party the details of such communications or (ii) enter an order to take advantage of information conveyed during such communications except in accordance with this rule.

3. Permissible Entry Methods for Orders

    The following order entry methods for futures, options, spreads and combinations vary by product, as set forth in the Rule 539.C. Crossing Protocols Table ("Table") in the Interpretations Section at the end of Chapter 5.

    a.b. Globex Cross ("G-Cross")

    The first party's order is entered into the Globex platform first. The second party's order may not be entered into the Globex platform until a period of 5 seconds has elapsed from the time of entry of the first order.

    b. Agency Cross ("A-Cross")

    A Cross Sequence ("CS") is used by a broker to enter the buy and the sell orders into Globex. Following the pre-execution communication, a Request for Quote ("RFQ") for the particular futures, options, spread or combination is entered into the Globex platform. Thereafter, a Cross Sequence, which is defined as the entry of a day-limit order followed immediately by the entry of a day-fill-and-kill order, must be entered into the Globex platform no less than fifteen (15) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade. The first party's order must be entered first, as a day-limit order, followed immediately by the entry of the second order as a day-fill-and-kill order. The CS must occur within the same trading session. Failure to enter the buy and sell orders within 30 seconds after the entry of the RFQ will require a new CS to be initiated in order to proceed with the trade.

    c. Committed Cross ("C-Cross")

    Following the pre-execution communication, a Request for Cross ("RFC") order which contains both the buy and the sell orders must be entered into the Globex platform. Upon entry of the RFC, the Globex platform will display an indication that a cross will occur in five (5) seconds. In certain products as set forth in the Table in the Interpretations Section at the end of Chapter 5, a certain percentage of the quantity on the RFC will cross if the price of the RFC represents a new best price level at the time of submission of the RFC to the Globex platform and a better price for either the buy or sell order has not been entered into the Globex platform during the five (5) second period between entry of the RFC and the cross occurring.

    d. RFQ + RFC Cross ("R-Cross")

Following the pre-execution communication, a Request for Quote ("RFQ") for the particular option or option spread or combination must be entered into Globex. Thereafter, the RFC order must be entered no less than fifteen (15) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade. The RFQ and the RFC order must be entered within the same trading session. Failure to enter the RFC order within 30 seconds after the entry of the RFQ will require a new RFQ to be entered prior to the entry of the RFC order, which must be entered in accordance with the time parameters described above in order to proceed with the trade.

CBOT Rule 539
PREARRANGED, PRE-NEGOTIATED AND NONCOMPETITIVE TRADES PROHIBITED

539.A.   General Prohibition

No person shall prearrange or pre-negotiate any purchase or sale or noncompetitively execute any transaction, except in accordance with Sections B. and C. below.

539.B.   Exceptions

The foregoing restrictions shall not apply to block trades pursuant to Rule 526 or Exchange for Related Positions transactions pursuant to Rule 538.

539.C.   Pre-Execution Communications Regarding Globex Trades

Parties may engage in pre-execution communications with regard to transactions executed on the Globex platform in the following futures, options and swaps products where one party wishes to be assured that a contra party will take the opposite side of the order: Interest Rate futures, options and swaps, Equity Index futures and options, Ethanol futures and options, Commodity Index futures, Real Estate Index futures and, during those hours designated by the Exchange, Grain and Oilseed options.

Pre-execution communications in those products may occur under the following circumstances:

1.   A party may not engage in pre-execution communications with other market participants on behalf of another party unless the party for whose benefit the trade is being made has previously consented to permit such communications.

2.   Parties to pre-execution communications shall not (i) disclose to a non-party the details of such communications or (ii) enter an order to take advantage of information conveyed during such communications except in accordance with this rule.

3.   Permissible Entry Methods for Orders

   The following order entry methods for futures, options, swaps, spreads and combinations vary by product, as set forth in the Rule 539.C. Crossing Protocols Table ("Table") in the Interpretations Section at the end of Chapter 5.

   a.b.   Globex Cross ("G-Cross")

      The first party's order is entered into the Globex platform first. The second party's order may not be entered into the Globex platform until a period of 5 seconds has elapsed from the time of entry of the first order.

   b.   Agency Cross ("A-Cross")

      A Cross Sequence ("CS") is used by a broker to enter the buy and the sell orders into Globex. Following the pre-execution communication, a Request for Quote ("RFQ") for the particular futures, options, spread or combination is entered into the Globex platform. Thereafter, a Cross Sequence, which is defined as the entry of a day-limit order followed immediately by the entry of a day-fill-and-kill order, must be entered into the Globex platform no less than fifteen (15) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade. The first party's order must be entered first as a day-limit order, followed immediately by the entry of the second order as a day-fill-and-kill order. The CS must occur within the same trading session. Failure to enter the buy and sell orders within 30 seconds after the entry of the RFQ will require a new CS to be initiated in order to proceed with the trade.

   c.   Committed Cross ("C-Cross")

      Following the pre-execution communication, a Request for Cross ("RFC") order which contains both the buy and the sell orders must be entered into the Globex platform. Upon entry of the RFC, the Globex platform will display an indication that a cross will occur in five (5) seconds. In certain products as set forth in the Table in the Interpretations Section at the end of Chapter 5, a certain percentage of the quantity on the RFC will cross if the price of the RFC represents a new best price level at the time of submission of the RFC to the Globex platform and a better price for either the buy or sell order has not been entered into the Globex platform during the five (5) second period between entry of the RFC and the cross occurring.

   d.   RFQ + RFC Cross ("R-Cross")

Following the pre-execution communication, a Request for Quote ("RFQ") for the particular option or option spread or combination must be entered into Globex. Thereafter, the RFC order must be entered no less than fifteen (15) and no more than thirty (30) seconds after the RFQ in order to proceed with the trade. The RFQ and the RFC order must be entered within the same trading session. Failure to enter the RFC order within 30 seconds after the entry of the RFQ will require a new RFQ to be entered prior to the entry of the RFC order, which must be entered in accordance with the time parameters described above in order to proceed with the trade.

NYMEX and COMEX Rule 539
PREARRANGED, PRE-NEGOTIATED AND NONCOMPETITIVE TRADES PROHIBITED

539.A. General Prohibition

No person shall prearrange or pre-negotiate any purchase or sale or noncompetitively execute any transaction, except in accordance with Sections B. and C. below.

539.B. Exceptions

The foregoing restriction shall not apply to block trades pursuant to Rule 526 or Exchange for Related Positions transactions pursuant to Rule 538.

539.C. Pre-Execution Communications Regarding Globex Trades

Parties may engage in pre-execution communications with regard to transactions executed on the Globex platform where one party (the first party) wishes to be assured that a contra party (the second party) will take the opposite side of the order under the following circumstances:

1. A party may not engage in pre-execution communications with other market participants on behalf of another party unless the party for whose benefit the trade is being made has previously consented to permit such communications.

2. Parties to pre-execution communications shall not (i) disclose to a non-party the details of such communications or (ii) enter an order to take advantage of information conveyed during such communications except in accordance with this rule.

3. Permissible Entry Methods for Orders

   The following order entry methods for futures, options, spreads and combinations vary by product, as set forth in the Rule 539.C. Crossing Protocols Table ("Table") in the Interpretations Section at the end of Chapter 5.

   a. Globex Cross ("G-Cross")

   The first party's order is entered into the Globex platform first. The second party's order may not be entered into the Globex platform until a period of 5 seconds has elapsed from the time of entry of the first order.

   b. Agency Cross ("A-Cross")

   A Cross Sequence ("CS") is used by a broker to enter the buy and the sell orders into Globex. Following the pre-execution communication, a Request for Quote ("RFQ") for the particular futures, options, spread or combination is entered into the Globex platform. Thereafter, a Cross Sequence, which is defined as the entry of a day-limit order followed immediately by the entry of a day-fill-and-kill order, must be entered into the Globex platform no less than five (5) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade. The first party's order must be entered first as a day-limit order, followed immediately by the entry of the second order as a day-fill-and-kill order. The CS must occur within the same trading session. Failure to enter the buy and sell orders within 30 seconds after the entry of the RFQ will require a new CS to be initiated in order to proceed with the trade.

   c. Committed Cross ("C-Cross")

   Following the pre-execution communication, a Request for Cross ("RFC") order which contains both the buy and the sell orders must be entered into the Globex platform. Upon entry of the RFC, the Globex platform will display an indication that a cross will occur in five (5) seconds. In certain products as set forth in the Table in the Interpretations Section at the end of Chapter 5, a certain percentage of the quantity on the RFC will cross if the price of the RFC represents a new best price level at the time of submission of the RFC to the Globex platform and a better price for either the buy or sell order has not been entered into the Globex platform during the five (5) second period between entry of the RFC and the cross occurring.

   d. RFQ + RFC Cross ("R-Cross")

   Following the pre-execution communication, a Request for Quote ("RFQ") for the particular option or option spread or combination must be entered into Globex. Thereafter, the RFC order must be entered no less than fifteen (15) seconds and no more than thirty (30) seconds after the entry of the RFQ in order to proceed with the trade. The RFQ and the RFC order must be entered within the same trading session. Failure to enter the RFC order within 30 seconds after the entry of the RFQ will require a new RFQ to be entered prior to the

entry of the RFC order, which must be entered in accordance with the time parameters described above in order to proceed with the trade.