SUBMISSION COVER SHEET

***IMPORTANT*: Check box if Confidential Treatment is requested** ☐

Registered Entity Identifier Code (optional): 18-272 (1 of 4)

Organization: Chicago Mercantile Exchange Inc. ("CME")

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

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 08/08/18 Filing Description: Amendments to CME and CBOT Rule 524. ("Trading at Settlement ("TAS") and Basis Trade at Index Close ("BTIC") Transactions") and NYMEX and COMEX Rule 524. ("Trading at Settlement ("TAS") and Trading at Marker ("TAM") Transactions and Issuance of CME Group Market Regulation Advisory Notices RA1808-5 and RA1809-5.

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: 524.

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:**

Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

August 8, 2018

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. Notification Regarding Amendments to CME and CBOT Rule 524. ("Trading at Settlement ("TAS"), Basis Trade at Index Close ("BTIC") and Basis Trade at Cash Open ("TACO") Transactions"), NYMEX and COMEX Rule 524. ("Trading at Settlement ("TAS") and Trading at Marker ("TAM") Transactions") and Issuance of CME Group Market Regulation Advisory Notices RA1808-5 and RA1809-5.
CME Submission No. 18-272 (1 of 4)

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission ("CFTC" or "Commission") Regulation 40.6(a), Chicago Mercantile Exchange Inc. ("CME") and The Board of Trade of the City of Chicago, Inc. ("CBOT") hereby notify the Commission that they are self-certifying amendments to CME and CBOT Rule 524. ("Trading at Settlement ("TAS"), Basis Trade at Index Close ("BTIC") and Basis Trade at Cash Open ("TACO") Transactions") and 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 NYMEX and COMEX Rule 524. ("Trading at Settlement ("TAS") and Trading at Marker ("TAM") Transactions") (collectively the "Rule Amendments") effective on Sunday, August 26, 2018, for trade date Monday, August 27, 2018.

The Rule Amendments adopt a provision in each Exchanges' Rule 524. to permit current TAS- and TAM-eligible futures products and contract months to be executed as an Exchange of Futures for Physical ("EFP") or Exchange of Futures for Risk ("EFR") transaction pursuant to the requirements of each Exchange's Rule 538. ("Exchange for Related Position Transactions"), with the futures leg of the EFP or EFR priced at the current day's settlement or marker price, as applicable, or any permissible price increment higher or lower than the settlement or marker price.

Currently, market participants often price the futures leg of EFPs and EFRs at the current day's futures settlement price or, where applicable, a marker price. The requirements for entering EFPs and EFRs to CME Clearing requires the use of CME ClearPort which also requires the time of execution and the price of the futures leg of the transaction to be entered when submitting the transaction. In circumstances where market participants wish to consummate an EFP or EFR prior to the settlement or marker price being determined, the system requirements are such that they must wait until that price is known before entering the EFP or EFR into CME ClearPort. The Rule Amendments to each Exchange's Rule 524. will permit the entry of EFPs and EFRs which are priced with reference to the daily settlement or market price, or any permissible price increment higher or lower than the settlement or marker price, at any time after execution.

The amendments to CME/CBOT/NYMEX/COMEX Rule 524. are set forth in Exhibit A with additions underscored and deletions overstruck.

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In connection with the Rule Amendments, the Exchanges will issue CME/CBOT/NYMEX/COMEX Market Regulation Advisory Notices RA1808-5 ("RA1808-5") and RA1809-5 ("RA1809-5") concerning, respectively, Rule 524. and Rule 538. on August 13, 2018. RA1808-5 is set forth in Exhibit B and RA1809-5 is set forth 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 Rule Amendments and the issuance of RA1808-5 and RA1809-5 may have some bearing on the following Core Principles:

> **Core Principle 7 – Availability of General Information**: The Rule Amendments will be posted publicly on the CME Group website in satisfaction of this core principle. In addition, RA1808-5 and RA1809-5 will be posted publicly on the CME Group website and emailed to subscribers.
>
> **Core Principle 9 – Execution of Transactions**: The Rule Amendments relate to the pricing of the futures leg of EFPs and EFRs which are a permissible trade type permitted to be executed apart from the public auction market under this Core Principle and CFTC Regulation 1.38.

There were no substantive opposing views to this proposal.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchanges certify that the Rule Amendments to Rule 524. and the issuance of RA1808-5 and RA1809-5 comply with the Act and regulations thereunder.

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 the undersigned at 212.299.2200 or via email at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A: CME/CBOT/NYMEX/COMEX Rule 524. (blackline format)
Exhibit B: RA1808-5
Exhibit C: RA1809-5

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EXHIBIT A

Chapter 5
Trading Qualifications and Practices

(Additions are underscored; Deletions are ~~overstruck~~.)

CME & CBOT

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

The Exchange shall determine the products, contract months and time periods during which TAS, BTIC, and TACO transactions shall be permitted. Specific products, contract months and spreads eligible for pricing as TAS, BTIC, or TACO transactions are set forth in the TAS Table ("Table") at the end of Chapter 5.

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

The following shall govern TAS transactions:

1. A TAS order may be entered on Globex at any time the applicable contract is available for TAS trading on Globex and during such TAS-eligible 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 Table, a TAS-eligible product and contract month may be executed as a block trade pursuant to the requirements of Rule 526 or as an Exchange of Futures for Physical ("EFP") or Exchange of Futures for Risk ("EFR") transaction pursuant to the requirements of Rule 538.
3~~2~~. Unless otherwise specified by the Exchange, a TAS transaction ~~executed on Globex or as a block trade~~ 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.

[The remainder of the Rule is unchanged.]

NYMEX and COMEX

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

The Exchange shall determine the products~~commodities~~, contract months and time periods during which TAS and TAM transactions shall be permitted. Specific products, ~~TAS- and TAM-eligible commodities and~~ contract months and spreads eligible for pricing as TAS or TAM transactions are set forth in the TAS Table ("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. A TAS order~~s~~ may be entered on Globex at any time the applicable contract~~s~~ is~~are~~ available for TAS trading on Globex and during such~~each~~ TAS-eligible 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, a TAS-eligible product~~commodities~~ and contract month~~s~~ may be executed as a block trade~~s~~ pursuant to the requirements of Rule 526.
3. Unless otherwise specified by the Exchange, a TAS transaction~~s~~ executed on Globex or as a block trade 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. A TAM order~~s~~ may be entered on Globex at any time the applicable contract~~s~~ is~~are~~ available for TAM trading on Globex and during such~~each~~ TAM-eligible contract's prescribed pre-open time period. The initiation of any TAM order on Globex outside these time periods is prohibited.
2. Unless otherwise specified in the Table, a TAM-eligible product~~commodities~~ and contract month~~s~~ may be executed as a block trade~~s~~ pursuant to the requirements of Rule 526.

3. Unless otherwise specified by the Exchange, a TAM transaction~~s~~ executed on Globex or as a block trade 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.

EXHIBIT B

MARKET REGULATION ADVISORY NOTICE

Exchange	**CME, CBOT, NYMEX & COMEX**
Subject	**TAS, TAM, BTIC, and TACO Transactions**
Rule References	**Rule 524**
Advisory Date	**August 13, 2018**
Advisory Number	**CME Group RA1808-5**
Effective Date	**August 27, 2018**

Effective on trade date Monday, August 27, 2018, and pending all relevant CFTC regulatory review periods, this Market Regulation Advisory Notice will supersede CME Group Market Regulation Advisory Notice RA1803-5 from April 20, 2018. It is being issued based on amendments to Rule 524 which will permit the futures leg of Exchange for Physical ("EFP") and Exchange for Risk ("EFR") transactions in TAS and TAM eligible commodities and contract months to be priced at the settlement or marker price or any allowable tick increment above or below the settlement or marker price.

The execution of EFPs and EFRs in TAS and TAM eligible commodities and contract months must comply with the requirements of Rule 538 ("Exchange for Related Positions") and the updated Market Regulation Advisory Notice concerning Rule 538, which may be accessed here.

Information on the specific products, contract months and spreads eligible for pricing as TAS, TAM, BTIC, or TACO transactions is contained in the Trading at Settlement ("TAS") 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, BTIC, and TACO transactions are subject to the information contained in the Advisory Notice, each Exchange's Rule 524, and, for BTIC and TACO 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, BTIC, and TACO 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.

CME and CBOT TAS-eligible futures products may also be executed as block trades, EFPs, or EFRs and priced 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.

NYMEX and COMEX TAS- and TAM-eligible futures products may also be executed as block trades, EFPs, or EFRs 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, except for spot month Copper futures block trades, EFPs, and EFRs which may be priced solely at the settlement price, or TAS flat.

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

TACO permits parties to trade a differential (basis) to an eligible futures contract's underlying cash Index special opening quotation ("SOQ") which is not-yet-known.

Orders for certain CME and CBOT equity index futures products may be entered 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 a block trade and priced at the underlying futures contracts' cash Index closing price or at a differential (basis) to the equity cash Index closing price.

Orders for CME E-mini S&P 500 futures may be entered into CME Globex or executed as a block trade for pricing at the next following regularly scheduled SOQ or any fair and reasonable basis above or below the next following regularly scheduled SOQ.

The basis must be stated in admissible futures price increments for the specific futures contract. In the case of a BTIC or TACO 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, BTIC, or TACO 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, BTIC, and TACO Orders on CME Globex

Rule 524 permits the initiation of TAS, TAM, BTIC, and TACO 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, BTIC, or TACO trading on CME Globex, as applicable. The initiation of any TAS, TAM, BTIC, or TACO order on CME Globex outside of these time periods is strictly prohibited.

Any market participant who initiates the entry of a TAS, TAM, BTIC, or TACO 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, BTIC, and TACO 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, BTIC, and TACO 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 and TACO 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"), BASIS TRADE AT INDEX CLOSE ("BTIC") AND BASIS TRADE AT CASH OPEN ("TACO") TRANSACTIONS

The Exchange shall determine the products, contract months and time periods during which TAS, BTIC, and TACO transactions shall be permitted. Specific products, contract months and spreads eligible for pricing as TAS, BTIC, or TACO transactions are set forth in the TAS Table ("Table") at the end of Chapter 5.

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

The following shall govern TAS transactions:

1. A TAS order may be entered on Globex at any time the applicable contract is available for TAS trading on Globex and during such TAS-eligible 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 Table, a TAS-eligible product and contract month may be executed as a block trade pursuant to the requirements of Rule 526 or as an Exchange of Futures for Physical ("EFP") or Exchange of Futures for Risk ("EFR") transaction pursuant to the requirements of Rule 538.
3. Unless otherwise specified by the Exchange, a TAS transaction 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 level of such futures contract's underlying cash Index on a particular trading day (the "Basis"). The following shall govern BTIC transactions:

1. A BTIC order may be entered on Globex at any time the applicable futures contract is available for BTIC trading on Globex and during such BTIC-eligible futures contract's prescribed pre-open time period. The initiation of any BTIC order on Globex outside these time periods is prohibited.
2. Unless otherwise specified in the Table, a BTIC-eligible product and contract month may be executed as a block trade pursuant to the requirements of Rule 526, except that a BTIC block trade cannot be executed on the last day of trading in an expiring BTIC-eligible futures contract.
3. The Basis established in any BTIC transaction must be stated in admissible price increments for the applicable futures contract as set forth in the applicable product chapter. The assigned futures price corresponding to such BTIC transaction shall be the closing level of the applicable cash Index for that trading day adjusted by the Basis established in such BTIC transaction.

   For any BTIC-eligible futures contract, the magnitude of the Basis in 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. A BTIC futures transaction may result in an assigned futures price outside of applicable daily price limits.

4. In the event of a disruption in the primary listing exchange for a given cash Index (or a disruption in the applicable national bourse or market in the case of a given non-US cash Index), all pending and executed BTIC transactions in the corresponding futures contract 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 close of the primary listing exchange (or applicable national bourse or market) or a NYSE Rule 80B trading halt declared in response to a Level 3 (20%) decline in the S&P 500 Index that necessitates an early close of the primary listing exchange.
5. Additional product-specific BTIC requirements are set forth in the applicable product chapter in the Rulebook.

524.C. Basis Trade at Cash Open ("TACO") Transactions

A Basis Trade at Cash Open ("TACO") transaction is an Exchange futures transaction that is priced with reference to the next following regularly scheduled special opening quotation ("SOQ") of such futures contract's underlying cash Index (the "Basis"). The following shall govern TACO transactions:

1. A TACO order may be entered on Globex at any time the applicable contract is available for TACO trading on Globex and during such TACO-eligible contract's prescribed pre-open time period. The initiation of any TACO order on Globex outside these time periods is prohibited.
2. Unless otherwise specified in the Table, a TACO-eligible product and contract month may be executed as a block trade pursuant to the requirements of Rule 526, provided that for any expiring TACO-eligible contract, a TACO block trade is prohibited with reference to such contract's cash Index SOQ for the last day of trading in such contract.
3. The Basis established in any TACO transaction must be stated in admissible price increments for the applicable futures contract as set forth in the applicable product chapter. The assigned futures price corresponding to such TACO transaction shall be the next following regularly scheduled SOQ of the applicable cash Index adjusted by the Basis established in such TACO transaction.
   For any TACO-eligible futures contract, the magnitude of the Basis in a TACO 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. A TACO futures transaction may result in an assigned futures price outside of applicable daily price limits.
4. In the event of a disruption in the primary listing exchange for a given cash Index (or a disruption in the applicable national bourse or market in the case of a given non-US cash Index) such that the administrator of such cash Index is unable to produce a regularly scheduled SOQ, all pending and executed TACO transactions in the corresponding futures contract shall be cancelled by the Exchange. Such disruption shall be declared by the Exchange in its sole discretion.
5. Additional product-specific TACO requirements are set forth in the applicable product chapter in the Rulebook.

NYMEX and COMEX

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

The Exchange shall determine the products, contract months and time periods during which TAS and TAM transactions shall be permitted. Specific products, contract months and spreads eligible for pricing as TAS or TAM transactions are set forth in the TAS Table ("Table") at the end of Chapter 5.

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

The following shall govern TAS transactions:

1. A TAS order may be entered on Globex at any time the applicable contract is available for TAS trading on Globex and during such TAS-eligible 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 Table, a TAS-eligible product and contract month may be executed as a block trade pursuant to the requirements of Rule 526 or as an Exchange of Futures for Physical ("EFP") or Exchange of Futures for Risk ("EFR") transaction pursuant to the requirements of Rule 538.
3. Unless otherwise specified by the Exchange, a TAS transaction 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. A TAM order may be entered on Globex at any time the applicable contract is available for TAM trading on Globex and during such TAM-eligible contract's prescribed pre-open time period. The initiation of any TAM order on Globex outside these time periods is prohibited.
2. Unless otherwise specified in the Table, a TAM-eligible product and contract month may be executed as a block trade pursuant to the requirements of Rule 526 or as an EFP or EFR transaction pursuant to the requirements of Rule 538.
3. Unless otherwise specified by the Exchange, a TAM transaction 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 Middleton, Lead Rules & Regulatory Outreach Specialist, 312.341.3286

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.

EXHIBIT C

MARKET REGULATION ADVISORY NOTICE

Exchange	**CME, CBOT, NYMEX & COMEX**
Subject	**Exchange for Related Positions**
Rule References	**Rule 538**
Advisory Date	**August 13, 2018**
Advisory Number	**CME Group RA1809-5**
Effective Date	**August 27, 2018**

Effective on trade date Monday, August 27, 2018, and pending all relevant CFTC regulatory review periods, this Market Regulation Advisory Notice will supersede CME Group Market Regulation Advisory Notice RA1716-5R from February 21, 2018. It is being issued based on amendments to each Exchange's Rule 524 which will permit the futures leg of Exchange for Physical ("EFP") and Exchange for Risk ("EFR") transactions in Trading at Settlement ("TAS") and Trading at Marker ("TAM") eligible commodities and contract months to be priced at the settlement or marker price or any allowable tick increment above or below the settlement or marker price. The answers to FAQ 10 and 22 in this Advisory Notice have been updated to reflect this new pricing convention for EFPs and EFRs.

Additional information on the amendments to Rule 524 and a link to the list of commodities and contract months eligible for TAS and TAM pricing are set forth in the updated Market Regulation Advisory Notice concerning Rule 524, which may be accessed here.

No other material changes have been made to the Advisory Notice.

Market participants should note that no changes have been made with respect to the continued prohibition on the execution of transitory EFRPs in any products.

The execution of transitory EFRPs, which prior to August 4, 2014 had been permitted in CME foreign currency products, NYMEX energy products and COMEX and NYMEX metals products remain strictly prohibited.

As defined in Rule 538, transitory EFRPs are EFRPs in which the execution of an EFRP is contingent upon the execution of another EFRP or related position transaction between the parties and where the transactions result in the offset of the related positions without the incurrence of market risk that is material in the context of the related position transactions. Questions 13-16 in the FAQ provide additional guidance in this regard.

The time-period between the transactions is a factor considered in assessing whether the EFRP is a transitory EFRP; however, the legitimacy of the transactions will be evaluated based on whether the transactions have integrity as independent transactions exposed to market risk that is material in the context of the transactions.

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

For NYMEX and COMEX Products
Tom Dixon, Manager, 212.299.2901
Ryne Toscano, Senior Director, 212.299.2879

For CME and CBOT Products
Michael Joubert, Manager, 312.341.7714
William Lange, Director, 312.341.7757
Chris Reinhardt, Senior Director, 312.435.3665

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

Text of Rule 538 – ("Exchange for Related Positions")

An Exchange for Related Position ("EFRP") transaction involves a privately negotiated off-exchange execution of an Exchange futures or options contract and, on the opposite side of the market, the simultaneous execution of an equivalent quantity of the cash product, by-product, related product, or OTC derivative instrument corresponding to the asset underlying the Exchange contract.

The following types of EFRP transactions are permitted to be executed outside of the Exchange's centralized market in accordance with the requirements of this rule:

> Exchange of Futures for Physical ("EFP") – the simultaneous execution of an Exchange futures contract and a corresponding physical transaction or a forward contract on a physical transaction.
>
> Exchange of Futures for Risk ("EFR") – the simultaneous execution of an Exchange futures contract and a corresponding OTC swap or other OTC derivative transaction.
>
> Exchange of Option for Option ("EOO") – the simultaneous execution of an Exchange option contract and a corresponding transaction in an OTC option.

For purposes of this rule, EFPs, EFRs and EOOs shall collectively be referred to as EFRP transactions.

538.A. Parties to an EFRP

One party to the EFRP must be the buyer of the Exchange contract and the seller of (or the holder of the short market exposure associated with) the related position; the other party to the EFRP must be the seller of the Exchange contract and the buyer of (or the holder of the long market exposure associated with) the related position. The Exchange contract and the corresponding related position must be executed for accounts with the same beneficial ownership.

A third party may facilitate, as principal, the related position component of an EFRP on behalf of a customer. Except for immediately offsetting foreign currency EFPs executed pursuant to Section K., such third party must be able to demonstrate that the related position was passed through to the customer who received the Exchange contract as part of the EFRP.

Specifically with respect to the execution of immediately offsetting foreign currency EFPs pursuant to Section K. by CTAs, account controllers, or other Persons acting on behalf of another party, the initiating and offsetting cash legs are not required to be passed through to the customer who received the Exchange contract as part of the EFRP. However, in a circumstance where the futures leg of the transaction fails to clear, the underlying customer must receive the profit or loss, if any, attendant to the offset of the offsetting cash leg.

Parties to an EFR or EOO transaction must comply with all relevant CFTC regulations governing eligibility to participate in the related position component of such transactions.

538.B. Independently Controlled Accounts

The opposing accounts to an EFRP transaction must be (a) independently controlled accounts with different beneficial ownership; (b) independently controlled accounts of separate legal entities with common beneficial ownership; or (c) independently controlled accounts of the same legal entity, provided that the account controllers operate in separate business units.

For EFRP transactions between accounts with common beneficial ownership, the parties to the trade must be able to demonstrate the independent control of the accounts and that the transaction had economic substance for each party to the trade.

538.C. Related Position

The related position component of an EFRP must be the cash commodity underlying the Exchange contract or a by-product, a related product or an OTC derivative instrument of such commodity that has a reasonable degree of price correlation to the commodity underlying the Exchange contract. The related position component of an EFRP may not be a futures contract or an option on a futures contract.

Each EFRP requires a bona fide transfer of ownership of the underlying asset between the parties or a bona fide, legally binding contract between the parties consistent with relevant market conventions for the particular related position transaction.

The execution of an EFRP transaction may not be contingent upon the execution of another EFRP or related position transaction between the parties where the transactions result in the offset of the related position without the incurrence of market risk that is material in the context of the related position transactions.

The facilitation of the execution of an EFRP by any party that knows such EFRP is non bona fide shall constitute a violation of this Rule.

538.D. EFPs in Connection with Inventory Financing of Storable, Non-Financial Commodities

A party providing inventory financing for a storable agricultural, energy or metals commodity may, through the execution of an EFP, purchase the commodity and sell the equivalent quantity of futures contracts to a counterparty, and grant to the counterparty the non-transferable right, but not the obligation, to execute a second EFP during a specified time period in the future which will have the effect of reversing the original EFP.

538.E. Quantity Equivalence

The quantity of the related position component of the EFRP must be approximately equivalent to the quantity of the Exchange component of the EFRP. Appropriate hedge ratios between the Exchange and related position components of the EFRP may be used to establish equivalency.

538.F. Prices and Price Increments

The Exchange component of the EFRP transaction must be priced in accordance with the applicable futures price increments or option premium increments as set forth in the rules governing the Exchange contract.

EFRPs may be transacted at such commercially reasonable prices as are mutually agreed upon by the parties to the transaction. EFRPs may not be priced to facilitate the transfer of funds between parties for any purpose other than as the consequence of legitimate commercial activity.

538.G. EFRPs Following the Termination of Trading in Exchange Contracts

EFRP transactions in certain Exchange contracts may be executed for a defined period of time following the termination of trading in accordance with the applicable product rules governing each Exchange contract. Such transactions may be executed only to liquidate Exchange positions.

538.H. Recordkeeping

Parties to an EFRP transaction must maintain all records relevant to the Exchange contract and the related position transaction, including order tickets, records customarily generated in accordance with relevant market practices, records reflecting payments between the parties and, where appropriate, transfer of title, as well as any other records required to be kept pursuant to CFTC Regulation 1.35. Brokers who facilitate EFRP transactions must maintain all records corresponding to their facilitation of the transactions.

Records related to EFRP transactions must be provided to the Exchange upon request. It shall be the responsibility of the carrying clearing member firm to obtain and submit the requested records of their clients to the Exchange on a timely basis.

538.I. Submission to the Clearing House

Each EFRP transaction shall be submitted to the Clearing House within the time period and in the manner specified by the Exchange and the Clearing House. In all cases, the record submitted to the Clearing House must reflect the correct EFRP transaction type and must reflect the accurate date and time at which the relevant terms of the transaction were agreed upon by the parties to the trade.

An EFRP transaction submitted to the Clearing House shall not be considered accepted by the Clearing House until the transaction has cleared and the first payment of settlement variation and performance bond has been confirmed.

538.J. EFRP Volumes Required to be Reported with Daily Large Trader Positions

Each clearing member, omnibus account and foreign broker responsible for submitting daily large trader positions in accordance with Rule 561 must submit for each reportable account the EFRP volume bought and sold in the reportable instrument. This information must be included in the daily Large Trader report to the Exchange.

538.K. Immediately Offsetting EFPs in Foreign Currency Futures

EFPs in foreign currency futures wherein the parties immediately offset the cash transaction are permitted and the Exchange would expect to see confirmation statements issued by the bank/foreign exchange dealer party to the Transaction. These confirmation statements should be the type normally produced by the bank/foreign exchange dealer for confirmation of currency deals and should indicate, by name, the identity of the counter party principal to the Transaction. However, in circumstances where the EFP Transaction is between a bank/foreign exchange dealer and a CTA, account controller, or other Person acting on behalf of a third party (such as a commodity pool or fund), the cash side confirmation statement must identify, at minimum, the name of the third party's Carrying Clearing Member and the third party's account number (or other account specific designation), but need not identify the third party by name. These transactions are only permissible as EFPs in foreign currency futures and not in any other asset class or in EFRs or EOOs in foreign currency futures.

FAQ Related to Rule 538
Exchange for Related Positions

Q1: What are EFRP transactions?

A1: EFRP is an acronym for Exchange for Related Position, and EFRPs are one of the permitted exceptions to the requirement that futures and options on futures be executed openly and competitively on the Exchange.

An EFRP transaction involves the off-exchange execution of an Exchange futures or options on futures contract and, on the opposite side of the market, the simultaneous execution of an equivalent quantity of the cash product, by-product, related product or OTC derivative instrument corresponding to the asset underlying the Exchange contract.

Q2: What is the difference between EFRP transactions and "Ex-Pit" transactions?

A2: The term "Ex-Pit Transaction" refers broadly to transactions that Exchange rules permit to be executed outside of the Exchange's centralized market. Permissible Ex-Pit transactions include EFRPs, block trades and transfer trades. EFRPs are addressed in Rule 538; block trades are addressed in Rule 526, and transfer trades are addressed in Rule 853.

Q3: What are the different types of EFRPs permitted by the CME Group Exchanges?

A3: The following types of Exchange for Related Position ("EFRP") transactions are permitted to be executed outside of the Exchange's centralized market in accordance with the requirements of Rule 538, the application guidance in this advisory, and any applicable CFTC regulations.

Exchange of Futures for Physical ("EFP") – the simultaneous execution of an Exchange futures contract and a corresponding physical transaction or a forward contract on a physical transaction.

Exchange of Futures for Risk ("EFR") – the simultaneous execution of an Exchange futures contract and a corresponding OTC swap transaction or other OTC derivative transaction.

Exchange of Option for Option ("EOO") – the simultaneous execution of an Exchange option contract and a corresponding transaction in an OTC option. No other instrument other than an OTC option is eligible as the related position component of an EOO.

The related position component of an EFRP may not be a futures contract or an option on a futures contract.

Where the related position component of an EFRP is a physical transaction, a forward contract that is not otherwise defined as a swap under federal regulations, an Exchange Traded Fund ("ETF") or an Exchange Traded Note ("ETN"), the transaction should be submitted for clearing as an EFP transaction type.

Where the related position component of an EFRP is an instrument defined as a swap pursuant to federal regulations, or is another OTC derivative transaction, the transaction must be submitted as an EFR or an EOO transaction type, as applicable, and must be reported as required under Parts 43 and 45 of Commodity Futures Trading Commission Regulations. For further information regarding CFTC/SEC product definitions, market participants should reference the August 13, 2012 Federal Register release (77 FR 48207) that defines swaps and the scope of the forward contract exclusion.

A swap that is traded on, or subject to the rules of, a designated contract market ("DCM") or a swap execution facility ("SEF") is ineligible to be the related position component of an EFR or EOO transaction executed pursuant to Rule 538.

The above-referenced exclusion does not apply to swaps that are bilaterally negotiated and submitted for clearing-only to a DCO provided such swaps have a reasonable degree of correlation to the underlying CME Group Exchange product.

Q4: May EFRPs be executed in any of the CME Group Exchanges' futures and options contracts?

A4: EFRPs may be executed in any of the CME Group Exchanges' futures and futures options contracts provided the transaction conforms to the requirements of Rule 538 and any associated advisories, as well as with any applicable CFTC regulations.

Notwithstanding the foregoing, CBOT Soybean Crush Spread Options and Consecutive Calendar Spread Options on the following six CBOT futures contracts are not able to be submitted to CME Clearing through CME ClearPort or CME Direct, and are therefore ineligible to be executed as EFRPs:

- Corn
- Soybeans
- Soybean Meal
- Soybean Oil
- Chicago SRW Wheat
- KC HRW Wheat

Q5: Are there specified trading hours during which EFRP transactions may be executed?

A5: EFRPs may be executed at any time. However, an EFRP transaction submitted to the Clearing House shall not be considered to have been accepted by the Clearing House until the transaction has cleared and the first payment of settlement variation and performance bond has been confirmed.

Q6: May an EFRP be executed after trading has ceased in an expiring contract?

A6: EFRP transactions in certain Exchange contracts may be executed for a defined period of time following the termination of trading only to liquidate Exchange positions and only in accordance with the applicable product rules governing each Exchange contract. The applicable product chapter of the relevant Exchange's rulebook will specify if such transactions are permitted and, if so, the time period following the cessation of trading during which such transactions are eligible to be executed.

Q7: Are there restrictions on who may participate in EFRP transactions?

A7: EFP Transactions – There are no specific eligibility requirements for participation in an EFP transaction.

EFR and EOO Transactions – Participants to EFR and EOO transactions must comply with applicable CFTC requirements governing eligibility to transact the related position component of an EFR or EOO, and participants should consult with counsel as appropriate to determine eligibility. In this regard, market participants should be mindful of all eligibility standards applicable to related positions, including, where applicable, CFTC Regulations Part 32-Regulation of Commodity Option Transactions and Part 35-Swaps In An Agricultural Commodity.

Q8: May EFRPs be executed between affiliated accounts?

A8: The opposing accounts involved in the execution of an EFRP must be:

a) independently controlled accounts with different beneficial ownership; or
b) independently controlled accounts of separate legal entities with common beneficial ownership; or
c) independently controlled accounts of the same legal entity provided that the account controllers operate in separate business units.

Accounts with the same beneficial ownership include accounts owned by the same person or entity, accounts of a parent and its wholly owned subsidiaries, and accounts of subsidiaries that are wholly owned by the same parent. Common beneficial ownership is more inclusive and includes not only accounts with the same beneficial ownership, but also accounts with common beneficial ownership that is less than 100%.

Parties to an EFRP transaction involving the same legal entity or common beneficial owner must be able to demonstrate the independent control of decision making for the respective accounts and that the EFRP had economic substance for each party to the trade.

Q9: Are multi-party EFRP transactions permitted?

A9: Typically, there may be only two parties involved in an EFRP transaction. One party to the EFRP must be the buyer of the Exchange contract and the seller of (or the holder of the short market exposure associated with) the related position; the other party to the EFRP must be the seller of the Exchange contract and the buyer of (or the holder of the long market exposure associated with) the related position. The Exchange contract and corresponding related position of an EFRP must be executed for accounts with the same beneficial ownership.

Any third party may facilitate, as principal, the related position component of an EFRP on behalf of a customer provided that the third party can demonstrate that the related position was passed through to the customer who received the Exchange contract as part of the EFRP.

With respect to the execution of immediately offsetting foreign currency EFPs pursuant to Section K. by CTAs, account controllers, or other Persons acting on behalf of another party, the initiating and offsetting cash legs are not required to be passed through to the customer who received the Exchange contract as part of the EFRP. However, in a circumstance where the futures leg of the transaction fails to clear, the underlying customer must receive the profit or loss, if any, attendant to the offset of the offsetting cash leg.

Q10: Are there restrictions on the price at which an EFRP transaction may be executed?

A10: EFRPs may be transacted at such commercially reasonable prices as are mutually agreed upon by the parties to the transaction, provided that the price conforms to the applicable futures price increments or option premium increments set forth in the product chapter rules for the relevant Exchange contract.

Effective on August 27, 2018, the futures leg of EFP and EFR transactions in those commodities and contract months permitted to be priced at the settlement or marker price or any permissible price increment above or below the settlement or marker price pursuant to the provisions of Rule 524 will be eligible for TAS or TAM pricing. Please note that the futures leg of spot month Copper EFPs and EFRs may be priced solely at the settlement price, or TAS flat.

Please see the TAS Table set forth in the Interpretations & Special Notices Section at the end of Chapter 5 of each Exchange's Rulebook for information on the specific products, contract months and permissible price increments, which may also be accessed here.

EFRPs may not be priced to facilitate the transfer of funds between parties for any purpose other than as a consequence of legitimate commercial activity. Market participants may be required to demonstrate that EFRPs executed at prices away from prevailing market prices were executed at such prices for legitimate purposes.

Q11: May EFRPs be average priced?

A11: Yes. EFRP transactions designated for average pricing must conform to the requirements of Rule 553 ("Average Price System") and Rule 538.

Q12: Are the prices and quantities of EFRP transactions publicly reported?

A12: The price of the Exchange leg of an EFRP transaction is not publicly reported. EFRP volumes are reported daily, by instrument, on the CME Group website.
Parties to an EFR or EOO transaction should consult CFTC regulations regarding the swap reporting requirements associated with their execution of the related position transaction.

Q13: Are transitory EFRPs permitted in any products listed on CME Group exchanges?

A13: No.

Transitory EFRPs are EFRPs in which the execution of an EFRP is contingent upon the execution of another EFRP or related position transaction between the parties and where the transactions result in the offset of the related positions without the incurrence of market risk that is material in the context of the related position transactions.

The time period between the transactions is a factor considered in assessing whether the EFRP is a transitory EFRP; however, the legitimacy of the transactions will be evaluated based on whether the transactions have integrity as independent transactions exposed to market risk that is material in the context of the transactions.

Where economically equivalent futures products trade on a CME Group Exchange and another exchange, the contingent execution between two parties of equal and opposite EFRPs on each exchange where the related position components offset and are not subject to market risk shall be considered a prohibited transitory EFRP at the applicable CME Group Exchange.

Q14: May a swap be negotiated to settle via an EFR?

A14: Parties to a swap may agree to settle the swap via an EFR provided that the determination of the settlement value of the swap (floating price) is subject to market risk that is material in the context of the transaction. For example, parties may negotiate a swap to settle via EFR on a specific date in the future at the futures settlement price or the average settlement price over a prescribed time period.

Q15: Can an EFRP incorporate multiple legs on the Exchange component of the transaction or incorporate multiple legs on the related position component of the EFRP?

A15: An EFRP may incorporate multiple Exchange components provided that the EFRP is not a prohibited transitory EFRP as defined in Section C. and in the answer to Question 13 of this Advisory Notice. Accordingly, an EFRP with multiple Exchange components where the related position components offset without the incurrence of market risk that is material in the context of the related position transactions would not be permissible. Alternatively, an EFRP with multiple Exchange components where the related position components do not offset and where those related position components incur material market risk are permitted.
An EFRP may incorporate multiple related position components provided that the net exposure of the related position components is approximately equivalent to the quantity of futures exchanged or, in the case of an EOO, the net delta-adjusted quantity of the OTC option components is approximately equivalent to the delta-adjusted quantity of the Exchange-listed option.

Q16: May EFPs be utilized to facilitate inventory financing in storable non-financial commodities?

A16: EFP transactions entered into for the purpose of obtaining inventory financing for storable agricultural, metals and energy commodities are permitted in accordance with the following: A party providing inventory financing for a storable, non-financial commodity may, through the execution of an EFP, purchase the commodity and sell the equivalent quantity of futures contracts to a counterparty, while simultaneously granting to the counterparty the non-transferable right, but not the obligation, to execute a second EFP that reverses the original EFP during a specified time period in the future.

Q17: What types of instruments are considered acceptable for use as the related position side of EFRPs?

A17: The related position component of the EFRP must involve the product underlying the Exchange contract or a by-product, related product or OTC derivative instrument that is reasonably correlated to the corresponding Exchange instrument.

The related position component of an EFRP may not be a futures contract or an option on a futures contract.

Where the risk characteristics and/or maturities of the related position differ from the instrument underlying the Exchange contract, the parties to the EFRP may be required to demonstrate the correlation between the products and the methodology used in equating the futures to the related position. In all cases, the related position transaction must be comparable with respect to quantity, value or risk exposure of the corresponding Exchange contract.

Each EFRP requires a bona fide transfer of ownership of the cash commodity between the parties or a bona fide, legally binding contract between the parties consistent with relevant market conventions for the particular related position transaction.

Where the related position component of an EFRP is a physical transaction, a forward contract that is not otherwise defined as a swap under federal regulations, an Exchange Traded Fund ("ETF") or an Exchange Traded Note ("ETN"), the transaction should be submitted for clearing as an EFP transaction type.

Where the related position component of an EFRP is an instrument defined as a swap pursuant to federal regulations, or is another OTC derivative transaction, the transaction must be submitted as an EFR or an EOO transaction type, as applicable, and must be reported as required under Parts 43 and 45 of Commodity Futures Trading Commission Regulations. For further information regarding CFTC/SEC product definitions, market participants should reference the August 13, 2012 Federal Register release (77 FR 48207) that defines swaps and the scope of the forward contact exclusion.

Generally acceptable related position instruments for EFRPs in the following product groups include, but are not limited to, the following:

<u>Foreign Exchange Contracts</u>: Instruments acceptable as the related position component of an FX EFRP transaction include spot, forwards, non-deliverable forwards ("NDFs"),swaps and swaptions, cross-currency basis swaps, OTC FX options, non-deliverable options ("NDOs"), currency baskets, ETFs and ETNs.

<u>Interest Rate Contracts</u>: Instruments acceptable as the related position component of an interest rate EFRP include Treasuries, Agencies, investment grade corporates, money market instruments, interest rate swaps and swaptions, forward rate agreements (FRAs), mortgage instruments including collateralized mortgage obligations, OTC interest rate options, ETFs and ETNs.

<u>Equity Index Contracts</u>: Instruments acceptable as the related position component of a stock index EFRP include stock baskets provided the basket is highly correlated to the index and, further, that the basket represents at least 50% of the underlying index by weight or includes at least 50% of the stocks in the underlying index. The notional value of the basket must be approximately equal to the value of the corresponding exchange contract. Other acceptable instruments include equity index swaps and swaptions, OTC equity index options, ETFs and ETNs.

<u>Agricultural Contracts</u>: Instruments acceptable as the related position component of an EFRP in agricultural products include the commodity underlying the futures contract or a by-product or related product that is reasonably correlated to the futures being exchanged, physical forwards, cash-settled forwards, agricultural commodity swaps or swaptions, OTC agricultural options, ETFs and ETNs.

<u>Commodity Index Contracts</u>: Instruments acceptable as the related position component of an EFRP involving an Exchange contracts based on a commodity index (*e.g.*, S&P GSCI, Bloomberg Commodity Index) include a corresponding commodity index swap or swaption, ETFs or ETNs.

Energy Contracts: Instruments acceptable as the related position component of an EFRP in energy products include the commodity underlying the futures contract or a by-product or related product that is reasonably correlated to the futures being exchanged, physical forwards, cash-settled forwards, energy commodity swaps or swaptions, OTC energy options, ETFs and ETNs.

Metals Contracts: Instruments acceptable as the related position component of an EFRP in metals products include related spot transactions, physical forwards, cash-settled forwards, swaps and swaptions, OTC metals options, ETFs and ETNs.

Questions regarding the acceptability of related position instruments may be addressed to the Market Regulation contacts listed in this Advisory Notice.

Q18: What are the recordkeeping requirements for EFRPs?

A18: Parties to an EFRP must maintain all records relevant to the Exchange contract and the corresponding related position transaction, including any records required to be kept pursuant to CFTC Regulation 1.35. Upon request, such records must be provided to Market Regulation in a timely manner.

Records that may be requested include, but are not limited to, the following:

A. All order tickets, trade blotters, e-mails, instant messages, telephone recordings or other records related to the order placement, negotiation, execution and/or confirmation of the EFRP.

B. All cash confirmations and signed contracts corresponding to the cash or derivative component of the EFRP. The documentation must contain all of the relevant terms of the transaction and counterparty information.

C. For EFPs, third party proof of payment evidencing settlement and documentation representing the transfer of ownership of the commodity. For EFPs involving forward contracts, such information may be requested if the forward contract has settled at the time of the request. For EFRs and EOOs, where applicable, proof of payment evidencing settlement between the parties.

D. Futures account statement reflecting confirmation of the EFRP.

E. Records reflecting the booking of the cash or derivative transaction in the firm's internal bookkeeping systems.

Parties who facilitate EFRP transactions must maintain all records corresponding to their facilitation of the transactions.

Q19: Who is responsible for submitting EFRP records when a request for such records is made by the Market Regulation Department?

A19: Upon request, related position documentation for an EFRP must be provided on a timely basis and in the form and manner requested, to the Market Regulation Department. The clearing firm carrying the account shall be responsible for obtaining relevant EFRP records from its client and submitting the records to Market Regulation.

Pursuant to Rule 418 ("Consent to Exchange Jurisdiction"), any party initiating or executing a transaction subject to the rules of the Exchange, or for whose benefit such transaction has been executed, is subject to the jurisdiction of the Exchange and may be required by Market Regulation to produce records and cooperate fully with any investigation.

Failures to provide requested records in a complete or timely manner may result in referral to the Probable Cause Committee for consideration of charges under Rule 432.L. ("General Offenses").

Q20: Must transactions executed as EFRPs be designated as EFRPs on customer account statements?

A20: Account statements must accurately identify EFRP transactions as such. It is not acceptable to designate the trades as "Ex-Pit" or "ClearPort" trades as such terms may reflect transaction types other than EFRPs.

Q21: How are EFRPs submitted to the Clearing House?

A21: EFRPs must be submitted via CME Direct or CME ClearPort.

Information on the various methods of registration for access to CME Direct or CME ClearPort may be via the following links:

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

http://www.cmegroup.com/clearport/registration.html

EFRPs in CME and CBOT Products

EFRPs may be entered in CME Direct or CME ClearPort from 6:00 p.m. CT through 5:45 p.m. CT each business day. CME Direct and CME ClearPort do not permit the entry of CME and CBOT EFRPs between 5:45 p.m. CT and 6:00 p.m. CT each business day and at all times on weekends.

EFRPs in NYMEX and COMEX Products

EFRPs may be entered in CME Direct or CME ClearPort from 5:00 p.m. CT/6:00 p.m. Eastern Time ("ET") through 4:00 p.m. CT/5:00 p.m. ET each business day. CME Direct and CME ClearPort do not permit the entry of NYMEX and COMEX EFRPs between 4:00 p.m. CT/5:00 p.m. ET and 5:00 p.m. CT/6:00 p.m. ET each business day and at all times on weekends.

EFRPs may also be reported to the CME ClearPort Facilitation Desk/Global Command Center by calling +1 800 438 8616 in the U.S., +44 20 7623 4747 in Europe, +65 6532 5010 in Asia, or via email at FacDesk@cmegroup.com. **Please note that for the Facilitation Desk to submit the trade, the counterparty accounts must be registered with credit limits and product permissions set up in CME Account Manager.**

The Facilitation Desk is closed from 4:30 p.m. CT/5:30 p.m. ET Friday through 5:00 p.m. CT/6:00 p.m. ET Sunday.

Please contact the Enterprise Application & Systems Entitlements (EASE) Team with any additional registration questions in the U.S. at 312.456.1560, in Europe at +44 20 3379 3802 or in Asia at +65 6593 5536.

If you have any trade submission issues, please contact the CME ClearPort Facilitation Desk/Global Command Center in the U.S. at +1 800 438 8616, in Europe at +44 20 7623 4747 or in Asia at +65 6532 5010.

Q22: How soon after execution must the EFRP be submitted to the Clearing House?

A22: Absent mitigating circumstances, EFRP transactions must be submitted to the Exchange as soon as possible, but no later than the end of the business day on which the EFRP was executed.

The relevant terms of the EFRP are considered to have been determined at the time the price and quantity of the Exchange contract and the corresponding related position component of the transaction are agreed upon by the parties to the EFRP. For EFPs and EFRs eligible to be priced as TAS or TAM transactions, the execution time of the trade is considered to have been determined at the time the quantity and price (TAS- or TAM-flat or any permissible price increment above or below the settlement or marker price) have been agreed upon by the parties to the EFP or EFR.

However, where the actual delivery quantity may not be precisely determined by the parties until the time of delivery, the parties may contractually agree to submit the transaction to the Clearing House within the required reporting period following the time at which the actual delivery quantities are determined, rather than reporting the EFRP at the time of pricing. Absent such contractual arrangement, the transaction must be reported at the time of pricing.

Notwithstanding the foregoing, EFRPs may not, under any circumstances, be submitted for clearing later than the end of the permissible posting period for EFRP transactions following the expiration of the underlying futures contract as specified in the relevant product chapter of the applicable Exchange rulebook.

Q23: Must the execution date and time be submitted for EFRPs?

A23: The date and time of execution must be accurately submitted for each EFRP transaction. The execution date and time to be submitted are the date and time at which the relevant terms of the transaction were determined by the parties to the trade as described in Q22.

The execution time for EFRPs must be entered in CME Direct or CME ClearPort in the local time of the party(ies) entering the EFRP.

Q24: What information regarding EFRPs must be submitted in a reporting firm's daily Large Trader position file?

A24: A firm's daily Large Trader position file must include for each reportable account the EFRP volume bought and sold in the reportable instrument.

Q25: What are the responsibilities of firms in connection with EFRPs executed or cleared on behalf of a customer?

A25: Firms that execute or clear EFRPs on behalf of customers are responsible for ensuring that their customers who execute EFRPs are fully informed regarding Exchange EFRP requirements. Upon request by the Market Regulation Department, firms carrying accounts that execute EFRPs are responsible for obtaining and submitting records of their clients' EFRP transactions in a timely and complete manner.

If a clearing member has actual or constructive notice or knowledge of the execution of non-bona fide EFRPs by its customer and the clearing member fails to take appropriate action, the clearing member will be found to have violated Rule 538.C.

Q26: Is an Immediately Offsetting EFP in Foreign Currency Futures prohibited as a transitory EFRP in Foreign Currency Futures?

A26: No. An immediately offsetting FX EFP as expressly permitted under Rule 538.K. is not prohibited as a transitory EFRP because the offsetting physical transaction is not contingent on the EFP in any way. If, for example, the futures leg of an immediately offsetting EFP in foreign currency is not accepted for clearing, the futures transaction is void ab initio and the counterparties would be left with the stand-alone physical transaction. Nevertheless, Rule 538.K. makes clear that the stand-alone physical and EFP transactions may occur immediately and result in the offset of the physical transactions without being prohibited as a transitory EFRP.