

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 14-421

Organization: The Board of Trade of the City of Chicago, Inc. ("CBOT")

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 10/24/14 Filing Description: Revisions to CBOT Rules to Support the Trading of Treasury Invoice Swap Spreads

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- | | | |
|-------------------------------------|-------------------------------------|------------|
| <input checked="" type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Notification | § 40.6(d) |
| <input type="checkbox"/> | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/> | SIDCO Emergency Rule Change | § 40.10(h) |

Rule Numbers: Definitions, 195, 416, 501, 526, 528, 530, 531, 533, 539, 560, 588, 589 and 600

New Product

Please note only ONE product per Submission.

- | | | |
|--------------------------|---------------------------------------|------------|
| <input type="checkbox"/> | Certification | § 40.2(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.23(a) |
| <input type="checkbox"/> | Certification Swap Class | § 40.2(d) |
| <input type="checkbox"/> | Approval | § 40.3(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.23(b) |
| <input type="checkbox"/> | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> | Swap Submission | § 39.5 |

Official Product Name:

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

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

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

Rule Numbers:

October 24, 2014

VIA ELECTRONIC PORTAL

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. Revisions to CBOT Rules to Support the Listing of Treasury Invoice Swap Spreads. CBOT Submission No. 14-421

Dear Mr. Kirkpatrick:

The Board of Trade of the City of Chicago, Inc. ("CBOT") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying revisions to various rules in the CBOT Rulebook in connection with its plans to list for trading Treasury Invoice Swap Spreads on CME Globex and as block trades pursuant to Rule 526 ("Block Trades"), effective trade date December 15, 2014. Please see CBOT Submission No. 14-431, dated October 24, 2014, for specific information concerning the terms and conditions of the Treasury Invoice Swaps to be listed by CBOT.

The revisions to CBOT Rules include the following:

- Adoption of new definitions of Cleared Swaps Customer Account, Cleared Swaps Customer, IRS Clearing Member, SDR and Swap necessary to support the launch of the new product;
- Minor modifications to Rules 195, 416, 501, 526, 530, 531, 533, 539, 560, 588 and 600 in order to add the word "swap" into rules which currently specifically cite futures and options to codify that these rules will apply to the trading of the new product;
- The addition of language in Rule 528 codifying that the CBOT will report swap trades to the CME Swap Data Repository as required by applicable CFTC Regulations; and
- The adoption of new Rule 589 ("Failure to Clear") concerning the manner in which a Treasury Invoice Swap trade will be handled in the event the swap leg fails to clear.

Additionally, CBOT is eliminating several outdated definitions.

The Market Regulation Department and the Legal Department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA" or "Act"). During the review, we have identified that the revisions to CBOT rules may have some bearing on the following Core Principles:

Compliance with Rules: The revisions to Rules 432, 530, 531, 533 and 539 are necessary to ensure that the trading of Treasury Invoice Swaps are subject to the various trade practice rules designed to prevent abusive trading practices that currently specifically reference futures and options. Additionally, Rules 526, 528, 560 and 588 are being modified as they also reference futures and options and need to include a reference to swaps. Rule 589 is being added to provide the marketplace certainty concerning what will occur in the event the swap leg of the Treasury Invoice Swap Spread fails to clear. The full panoply of all other Exchange rules concerning trading listed products will also apply to the trading of Treasury Invoice Swap; however those rules have been constructed without specific reference to the type of Exchange product being traded and are not in need of additional modification.

Availability of General Information: In satisfaction of its obligations under this Core Principle, CBOT will issue a Special Executive Report to the marketplace in advance of the rule revisions becoming effective.

CBOT certifies that the revisions comply with the Act and regulations thereunder. There were no substantive opposing views to this proposal.

CBOT certifies that this submission has been concurrently posted on the Exchange's website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

If you have any questions regarding this submission, please contact me at 212-299-2200 or via e-mail at Christopher.Bowen@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A – Revisions to CBOT Rules

Exhibit A

DEFINITIONS

BLOCK TRADE

A privately negotiated futures ~~or~~ option on futures or swaps transaction that is executed apart from the public auction market and that is permitted in designated contracts subject to specified conditions. These trades are governed by Rule 526 ("Block Trades").

CASH COMMODITY

The actual physical commodity or financial instrument as distinguished from the futures or swaps contract that is based on the physical commodity or financial instrument. Also referred to as "spot commodity."

CLEARED SWAPS CUSTOMER ACCOUNT

~~Shall have the meaning ascribed to such term in CFTC Regulation 22.1; provided however, that, for purposes of CME and Exchange Rules, the term Cleared Swaps Customer Account shall not include an account in which positions in Cleared Swaps (or the money, securities and/or other property margining, guaranteeing or securing such derivatives) are, pursuant to a CFTC order, commingled with positions and funds held in segregated accounts maintained in accordance with Section 4d of the CEA.~~

CLEARED OTC DERIVATIVES CUSTOMER SEQUESTERED ACCOUNT

~~An account in which Funds of Cleared OTC Derivatives positions Customers (or investments thereof) (and the money, securities and/or other property margining, guaranteeing or securing such positions) of Cleared OTC Derivatives Customers are held; Provided, however, That, for purposes of CME Rules, the term Cleared OTC Derivatives Customer Sequestered Account shall not include an account in which positions in cleared OTC derivatives (or the money, securities and/or other property margining, guaranteeing or securing such derivatives) are, pursuant to a CFTC order, commingled with positions and funds held in segregated accounts maintained in accordance with Section 4d of the CEA.~~

CLEARED SWAPS CUSTOMERS

~~Shall have the meaning ascribed to such term in CFTC Regulation 22.1. ; provided however, that a customer is only a Cleared Swaps Customer with respect to its positions in Cleared Swaps (as defined in CFTC Regulation 22.1); provided further, that, for purposes of CME Rules, the term Cleared Swaps Customers shall not include customers whose Cleared Swaps (as defined in CFTC Regulation 22.1) and whose money, securities and/or other property margining, guaranteeing or securing such Cleared Swaps are, pursuant to a CFTC order, commingled with positions and funds held in segregated accounts maintained in accordance with Section 4d of the CEA~~

CLEARED OTC DERIVATIVES CUSTOMERS

~~Customers of a futures commission merchant with positions in cleared OTC derivatives, as that term is defined in CFTC Regulation 190.01(o); Provided however, That a customer is only a Cleared OTC Derivatives Customer with respect to its positions in cleared OTC derivatives, as that term is defined in CFTC Regulation 190.01(o); Provided, further, That, for purposes of CME Rules, the term Cleared OTC Derivatives Customers shall not include customers whose only cleared OTC derivatives positions (and whose money, securities and/or other property margining, guaranteeing or securing such derivatives) are, pursuant to a CFTC order, commingled with positions and funds held in segregated accounts maintained in accordance with Section 4d of the CEA.~~

CONTRACT

Depending on the context in which it is used, a term of reference describing either a unit of trading in a particular futures, options, swaps or cleared product or a product approved and designated by the Board for trading or clearing pursuant to the rules of the Exchange.

FUNDS OF CLEARED OTC DERIVATIVES CUSTOMERS

~~The money, securities, and/or other property received by a futures commission merchant from, for, or on behalf of Cleared OTC Derivatives Customers, to margin, guarantee, or secure their cleared OTC derivatives and all money accruing to such customers as a result of such contracts, and, in the case of cleared OTC derivatives options, to be used as a premium for the purchase of such option by the customer or as a premium payable to the customer or to guarantee or secure the performance of such option by the customer or representing accruals for such options to the customer (including the market value of such options purchased by the customer and for which the customer has paid full value).~~

FUTURES COMMISSION MERCHANT OR FCM

An individual or organization which solicits or accepts orders to buy or sell futures ~~or~~ options on futures contracts or swaps, and accepts money or other assets from customer in connection with such orders. An FCM must be registered with the CFTC.

INTRODUCING BROKER OR IB

A firm or individual that solicits and accepts orders to buy or sell futures, ~~or~~ options on futures contracts, or swaps, from customers but does not accept money or other assets from such customers. An IB must be registered with the CFTC.

IRS CLEARING MEMBER

Has the meaning as set forth in the CME Rulebook in Rule 8G04.

NATIONAL FUTURES ASSOCIATION OR NFA

The National Futures Association. NFA is an independent self-regulatory organization, ~~for the U.S. futures industry with no ties to any specific marketplace.~~

RULES

The Certificate of Incorporation, By-Laws, rules, interpretations, orders, resolutions, advisories, notices, manuals and similar directives of the Exchange, and all amendments thereto. The trading and clearing of all Exchange futures, options on futures, swaps, cleared-only and spot contracts shall be subject to the rules.

SDR

The term shall have the meaning of a swap data repository as set forth in CEA § 1a(48).

SETTLEMENT PRICE

The official daily closing price of futures, ~~and~~ options on futures contracts, and swaps as determined in accordance with Rule 813, used by the Clearing House for marking all open positions at the close of the daily settlement cycle.

SPOT

The actual physical commodity as distinguished from the futures or swap contract that is based on the physical commodity. Also referred to as "cash commodity."

SWAP

An agreement, contract or transaction that is executed or cleared as a swap pursuant to the rules of the Exchange or otherwise.

TRADE

The term "trade" shall mean any purchase or sale of any commodity futures, ~~or~~ options contract or swap made on the Exchange.

Chapter 1 ("Membership")

195. MARKET MAKER PROGRAMS

Exchange staff shall approve the implementation of market maker programs, pursuant to which market makers would be authorized to maintain two-sided markets in those products designated by the Exchange. With the exception of allowable privately negotiated transactions and orders executed in accordance with Rule 539.C., an individual responsible for performing the duties of a market maker pursuant to this Rule may not accept, hold or in any manner have possession or non-public knowledge of orders for any other person, including knowledge of customer orders, in the same or a related market. All contract months in the product and any related futures or options contracts, in addition to any corresponding mini-sized futures or options contracts, or swaps shall be considered to be the same or a related market for purposes of this Rule.

To the extent that the terms of any such market maker program may be in conflict with any Rules of the Exchange, such terms shall supersede such Rules. Nothing in this Rule shall alter or waive a member's responsibility to comply with provisions of the Commodity Exchange Act or Rules or Regulations of the Commodity Futures Trading Commission unless exempted by the Commission.

Chapter 4 ("Enforcement of Rules")

416. CONFLICTS OF INTEREST

416.A. Abstention Requirements

A member of a charging, adjudicating, or appeal committee or panel must abstain from participating in any matter where such member:

1. Is a witness, potential witness, or a party;
2. Is an employer, employee, or co-worker of a witness, potential witness, or a party;
3. Is associated with a witness, potential witness, or a party through a broker association as defined in Exchange Rules;

4. Has any significant personal or business relationship with a witness, potential witness, or a party, not including relationships limited to (a) executing futures, ~~options or swap~~ ~~-or options~~ transactions opposite each other, or (b) clearing futures, ~~-or option~~, ~~or swap~~ transactions through the same clearing member; or
5. Has a familial relationship to a witness, potential witness, or a party.

[The remainder of the Rule is unchanged.]

432. GENERAL OFFENSES

It shall be an offense:

- A. to have an interest in, operate or knowingly act on behalf of a bucket-shop, or knowingly make any transaction with a bucket-shop;
- B.
 1. to engage in fraud or bad faith;
 2. to engage in conduct or proceedings inconsistent with just and equitable principles of trade;
- C. to engage in dishonest conduct;
- D. to create or report a false or fictitious trade;
- E. to extort or attempt extortion;
- F. to buy or sell any Exchange futures, ~~-or options~~ contracts, ~~or swaps~~ with the intent to default on such purchase or sale;
- G. to prearrange the execution of transactions in Exchange products for the purpose of transferring equity between accounts;
- H. to engage in, or attempt to engage in, the manipulation of prices of Exchange futures, ~~-or options~~ contracts, ~~or swaps~~; to corner or squeeze, or attempt to corner or squeeze, the underlying cash market; or to purchase or sell, or offer to purchase or sell Exchange futures, ~~-or options~~ contracts, ~~or swaps~~, or any underlying commodities or securities, for the purpose of upsetting the equilibrium of the market or creating a condition in which prices do not or will not reflect fair market values;
- I. to make a verbal or written material misstatement to the Board, a committee, or Exchange employees;
- J. to knowingly disseminate false, misleading or inaccurate information concerning crop or market information or conditions that affect or may affect the price of any Exchange futures, ~~-or options~~ contract, ~~swap~~ or spot transaction in the underlying commodity;

[The remainder of the Rule is unchanged.]

Chapter 5 (“Trading Qualifications and Practices”)

501. EMPLOYEES OF MEMBERS

Members shall register with the Exchange all persons whom they wish to employ on the trading floor. Such employees may act as runners, communicators, clerks and broker assistants. Such employees shall not be permitted to solicit customers or benefit from the production of orders. Such employees shall not trade or have any interest in an account trading in any CBOT or CME futures or options ~~or swaps~~ contracts. Employees must wear a prescribed identification badge. Any member permitting trading by such employee shall be guilty of an offense against the Exchange. Remuneration to such employees shall be limited to salaries and normal bonuses. The member employer shall, upon request, provide a report to Exchange staff with respect to each such employee, setting forth the hours of employment, salary and bonus, and a copy of each employee’s Internal Revenue Service W-2 Form or other documentation evidencing employment.

[The remainder of the Rule is unchanged.]

526. BLOCK TRADES

The Exchange shall designate the products in which block trades shall be permitted and determine the minimum quantity thresholds for such transactions, subject to the provisions in Article IV, Section D(2)(e) of the Exchange’s Certificate of Incorporation that are applicable to rule changes.

The following shall govern block trades:

[Sections A. – E. are unchanged.]

- F. Unless otherwise agreed to by the principal counterparties to the block trade, the seller, or, in the case of a brokered transaction, the broker handling the block trade, must ensure that each block trade is reported to the Exchange within five minutes of the time of execution; except that block trades in interest rate futures, ~~and~~ options, ~~swaps or futures/swap spreads~~ executed outside of Regular Trading Hours (7:00 a.m. – 4:00 p.m. Central Time, Monday – Friday on regular business days) must be reported within fifteen minutes of the time of execution.

The report must include the contract, contract month, price, quantity of the transaction, the respective clearing members, the time of execution, and, for options, strike price, put or call and expiration month. The Exchange shall promptly publish such information separately from the reports of transactions in the regular market.

[The remainder of the Rule is unchanged.]

528. PRICE REPORTING

Parties to a pit transaction shall properly notify the designated Exchange official of the price at which trades have been

consummated. Both parties to a pit trade are required to ensure that such price is properly posted.

Whenever a member makes a trade with another member and such trade constitutes a price infraction, he shall 1) immediately break the trade; or 2) satisfy all bids or offers which were adversely affected; or 3) adjust the price of the trade to the price which existed when the price infraction occurred, provided that both parties agree to adjust the price and the terms of any affected orders are satisfied.

The Exchange will report all swap trades, including any block trades which includes a swap, as required by applicable CFTC Regulations to CME SDR. The Exchange will disseminate swap transaction and pricing data relating to swap trades no earlier than the transmittal of such information the CME SDR. The Exchange will record and report to the CFTC all data required to be reported to the CFTC under Part 16 of the CFTC Regulations in the form and manner required by such regulations. Parties to swap trades will be required to provide the Exchange with information, as specified by the Exchange from time to time, to facilitate the Exchange's reporting obligations. In all cases, however, the parties to every trade on the Exchange will be separately responsible for compliance with their own reporting obligations, if any, with respect to such trades under applicable CFTC Regulations.

530. PRIORITY OF CUSTOMERS' ORDERS

A member shall not buy (sell) a futures contract, buy (sell) a call option, ~~or~~ sell (buy) a put option or a swap for his own account, an account in which he has a direct or indirect financial interest, or an account over which he has discretionary trading authority when he is in possession of an executable order for another person to buy (sell) a futures contract, buy (sell) a call option, ~~or~~ sell (buy) a put option, or a swap in the same product, regardless of the venue of execution. All contract months in a given futures product, ~~and~~ all options on the futures product, and swap products in addition to any corresponding alternative sized (mini or micro) futures or options contracts on a given product or a swap, shall be considered the same product for the purposes of this rule.

The foregoing shall not apply to DRT orders provided that the customer has previously consented in writing and evidence of such general consent is indicated on the order with the "WP" (with permission) designation. In the case of a floor broker holding a discretionary order for an account described in Rule 547, a "WP" designation on the order shall constitute sufficient evidence of prior consent.

No person shall enter an order into the Globex platform for his own account, an account in which he has a direct or indirect financial interest or an account over which he has discretionary trading authority, including, without limitation, an order allowing discretion as to time and price, when such person is in possession of any order for another person that the Globex platform is capable of accepting.

531. TRADING AGAINST CUSTOMERS' ORDERS PROHIBITED

531.A. General Prohibition

No person in possession of a customer order shall knowingly take, directly or indirectly, the opposite side of such order for his own account, an account in which he has a direct or indirect financial interest, or an account over which he has discretionary trading authority.

531.B. Exceptions

The foregoing restriction shall not apply to the following:

1. Transactions executed in accordance with Rule 527 to resolve bona fide outrades or errors;
2. Transactions executed pursuant to Rule 538;
3. Block trades executed pursuant to Rule 526;
4. On the Globex platform, a person may knowingly trade against his customer order for his own account, an account in which he has a direct or indirect financial interest, an account over which he has discretionary trading authority, or a proprietary account of his employer, only if the customer order has been entered immediately upon receipt and has first been exposed on the Globex platform for a minimum of 5 seconds in the case of futures or swaps orders or for a minimum of 15 seconds in the case of options orders; and
5. Transactions where the customer has consented in writing no more than 12 months prior to the transaction to waive the application of Rule 531.A. Such transactions shall further be subject to the following requirements: (i) if the transaction was pit traded, the member complies with the requirements set forth in Rule 533; (ii) the member clearly identifies, by appropriate descriptive words, all such transactions, and (iii) if the transaction was pit traded, the member ensures that it is reported to Exchange price reporting staff for entry into the Exchange Price Reporting System as a cross trade.

533. SIMULTANEOUS BUY AND SELL ORDERS FOR DIFFERENT BENEFICIAL OWNERS

A member who is in possession of both buy and sell orders for different beneficial owners for the same product and expiration month, and, for a put or call option, the same strike price, may execute such orders for and directly between such beneficial owners provided that in pit trading, a member executing such orders shall first bid and offer by open outcry three times at the same price, stating the number of contracts, and, thereafter, if neither the bid nor the offer is accepted, the orders may be matched in the presence, and with the approval, of a designated Exchange official.

The member making such transactions shall, by appropriate descriptive words or symbols, clearly identify all such transactions on his trading card or other similar record made at the time of the execution. The member executing such trade must ensure that it is reported to Exchange price reporting staff for entry into the Exchange Price Reporting System. Failure to identify the transaction to Exchange price reporting staff as a cross trade shall constitute a violation of this rule.

On the Globex platform, opposite orders for different beneficial owners that are simultaneously placed by a party with discretion over both accounts may be entered into the Globex platform provided that one order is exposed for a minimum of 5 seconds in the case

of futures or swaps orders or a minimum of 15 seconds in the case of options orders. An order allowing for price and/or time discretion, if not entered immediately upon receipt, may be knowingly entered opposite another order entered by the same firm only if this other order has been entered immediately upon receipt and has been exposed on the Globex platform for a minimum of 5 seconds for futures orders or swaps, or a minimum of 15 seconds for options orders.

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, ~~and~~ 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, ~~and~~ 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. In the case of futures orders and/or swaps, the first party's order must be entered into the Globex platform first and 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 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, 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.

560. POSITION ACCOUNTABILITY

A person who owns or controls positions in ~~excess of reportable levels or where such Person otherwise holds substantial positions in~~ contracts traded on the Exchange or cleared by the Clearing House in excess of reportable levels or subject to accountability levels shall keep records, including records of their activity in the underlying commodity and related derivative markets, and make such records available, upon request, to the Exchange.

Upon request by the Market Regulation Department, such person shall also provide information relating to the positions owned or controlled by that person including, but not limited to, the nature and size of the position, the trading strategy employed with respect to the position, and hedging information, if applicable.

For purposes of this rule, all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly holds positions or controls trading shall be included with the positions held by such person. Additionally, positions held by two or more persons acting pursuant to an expressed or implied agreement or understanding shall be treated the same as if the positions were held by a single person.

If the person from whom such records or information is requested fails to comply as directed, the Market Regulation Department may order the reduction of such position, in addition to taking disciplinary action as a result of such failure.

A person who exceeds position accountability or position limit levels as a result of maintaining positions at more than one clearing firm shall be deemed to have waived confidentiality regarding his position and the identity of the clearing members at which the positions are maintained.

A person who holds or controls aggregate positions in excess of specified position accountability levels or in excess of position limits pursuant to an approved exemption shall be deemed to have consented, when so ordered by the Market Regulation Department, not to further increase the positions, to comply with any prospective limit which exceeds the size of the position owned or controlled, or to reduce any open position which exceeds position accountability or position limit levels. Any order to reduce an open position shall be issued by the Chief Regulatory Officer or his designee, if he determines in his sole discretion, that such action is necessary to maintain an orderly market.

A clearing member that carries positions for another person shall be responsible for taking reasonable and diligent actions to effect the timely compliance with any order issued pursuant to this rule upon notification of such order by the Market Regulation Department.

All positions must be initiated and liquidated in an orderly manner.

588. TRADE CANCELLATIONS AND PRICE ADJUSTMENTS

[Sections A. and B. are unchanged.]

588.C. Price Adjustments and Cancellations

Upon making a determination that a trade will be subject to review, the GCC will first determine whether the trade price is within the Non-Reviewable Range for futures or within the Bid/Ask Reasonability Allowance for options, as described in Section H. The Bid/Ask Reasonability Allowance for an option is the maximum width of the bid/ask range which will be considered reasonable for use in applying the parameters necessary to establish the Non-Reviewable Range for the option. In applying the Non-Reviewable Range, the GCC shall determine the fair value market price for that contract at the time the trade under review occurred. The GCC may consider any relevant information, including, but not limited to, the last trade price in the contract or a better bid or offer price on the electronic trading system, a more recent price in a different contract month, the price of the same or related contract established in another venue or another market, the market conditions at the time of the trade, the theoretical value of an option based on the most recent implied volatility and responses to a Request for Quote (RFQ).

1. Trade Price Inside the Non-Reviewable Range

If the GCC determines that the price of the trade is inside the Non-Reviewable Range, the GCC will issue an alert indicating that the trade shall stand.

2. Trade Price Outside the Non-Reviewable Range

a. Futures Contracts

If the GCC determines that a trade price is outside the Non-Reviewable Range for a futures contract (including futures spreads or futures/swap spreads), the trade price shall be adjusted to a price that equals the fair value market price for that contract at the time the trade under review occurred, plus or minus the Non-Reviewable Range. In the event there are multiple parties, prices and/or contracts involved in the transactions at issue, the GCC has the authority, but not the obligation, to cancel rather than price adjust such transactions. The GCC will issue an alert regarding its decision.

b. Option Contracts

If the GCC determines that a trade price is outside the applicable Non-Reviewable Range for an option contract, the trade price shall be adjusted. In the case of a buy (sell) error, the price will be adjusted to the determined ask (bid) price set forth in the Bid/Ask Reasonability Allowance in Section H. plus (minus) the Non-Reviewable Range. In the event there are multiple parties, prices and/or contracts involved in the transactions at issue, the GCC has the authority, but not the obligation, to cancel rather than price adjust such transactions. The GCC will issue an alert regarding its decision.

Cancelled trade prices and any prices that have been adjusted shall be cancelled in the Exchange's official record of time and sales. Trades that are price adjusted shall be inserted in the time and sales record at the adjusted trade price.

[The remainder of the Rule is unchanged.]

589. Failure to Clear

[In the event the swap component of a listed intercommodity spread involving a swap and a futures which is executed on CME Globex, or as a block trade pursuant to Rule 526, is submitted to the Clearing House and fails to clear, the swap component of the spread will be void ab initio and the futures leg will be cancelled by the Exchange.](#)

[With respect to futures/swap spreads executed on Globex, any claim for losses in connection with a cancelled trade must comply with the requirements of Rule 588.E.](#)

[In the event the swap is cancelled, CBOT agrees to submit notice of such cancellation to the CME SDR.](#)

Chapter 6 ("Arbitration")

600. DISPUTES SUBJECT TO CBOT ARBITRATION

[Sections A. – C. are unchanged.]

600.D. Permissive Arbitrations

The following may be submitted for arbitration at the Exchange and, in the event such a claim is submitted against a member, that member is required to arbitrate the dispute under these rules, unless otherwise provided:

1. claims of a customer against a member that relate to or arise out of any transaction on or subject to the rules of the Exchange;
2. claims against an Exchange clearing member and its Globex user pursuant to Rule 588.E., provided that any non-member Globex user has consented to arbitration of the dispute at the Exchange within 21 days of receipt of a claim.
- 3-4. [Reserved]
5. claims of a non-member (other than those claims required to be arbitrated under Rule 600.B) against a member that relate to or arise out of employment on the trading floor;
6. claims by or against an entity whose majority ownership is held by Exchange members and whose principal business relates to activity on or at the Exchange, where the dispute has a material connection to the business or purpose of the Exchange, provided such entity has consented to arbitration of the dispute at the Exchange within 20 days of receipt of a claim; and
7. at the discretion of the Chief Regulatory Officer, any claim involving the interests of the Exchange, its members, their business

| relations or commodity futures or swaps trading in general not otherwise arbitrable under these rules, provided the parties have consented to such arbitration.

[The remainder of the Rule is unchanged.]