

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 14-486 (2 of 2)

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): 11/26/14 Filing Description: Issuance of CME & CBOT Market Regulation Advisory Notice RA1408-3 Concerning Block Trades

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: 526

**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:

November 26, 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. Establishment of Block Trading in CBOT Treasury Invoice Spreads and Issuance of CME & CBOT Market Regulation Advisory Notice RA1408-3.  
CBOT Submission No. 14-486 (2 of 2)**

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 the establishment of the following block trade minimum thresholds in the following five (5) new Treasury Invoice Spreads, concurrent with the launch of trading in the new products, on trade date Monday, December 15, 2014:

<b>Intercommodity Treasury Invoice Spread</b>	<b>Minimum Block Trade Threshold – Invoice Swap Notional Principal Amount (\$ mlns)</b>	<b>Minimum Block Trade Threshold – Treasury Futures Contracts</b>
2-Year Invoice Spread	460	2,300
5-Year Invoice Spread	240	2,400
10-Year Invoice Spread	170	1,700
Treasury Bond Invoice Spread	120	1,200
Ultra Bond Invoice Spread	120	1,200

As a result of establishing block-eligibility in the CBOT Treasury Invoice Spreads, CBOT and Chicago Mercantile Exchange Inc. ("CME") (collectively, the "Exchanges") are self certifying the issuance of CME & CBOT Market Regulation Advisory Notice RA1408-3 ("RA1408-3") concerning Rule 526 ("Block Trades").

The block trade minimum threshold for the swap leg of each Treasury Invoice Spread has been established pursuant to the requirements set forth in 17 CFR Part 43, Procedures To Establish Appropriate Minimum Block Sizes for Large Notional Off-Facility Swaps and Block Trades; Correction from July 16, 2013.<sup>1</sup> The block trade minimum threshold applicable to the CBOT Treasury futures leg of each Treasury Invoice Spread corresponds to the notional principal amount minimum threshold of the swap leg.

<sup>1</sup> <http://www.cftc.gov/LawRegulation/DoddFrankAct/Dodd-FrankFinalRules/ssLINK/2013-16938a>

CBOT will also be codifying in RA1408-3 that it will be impermissible for market participants to execute contingent block trades in Treasury Invoice Spreads where the block trade minimum thresholds for block trades in outright CBOT Treasury futures are circumvented.

RA1408-3 will be disseminated to the marketplace on Monday, December 1, 2014.

The Exchanges 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 issuance of RA1408-3 may have some bearing on the following Core Principles:

Compliance with Rules: The Market Regulation Advisory Notice being issued provides additional guidance to the marketplace on the regulatory requirements attendant to block trades. This guidance is intended to assist market participants in remaining in compliance with Rule 526 and is therefore in compliance with this Core Principle.

Availability of General Information: As required by this Core Principle, the Exchanges are publicly issuing RA1408-3 to ensure that market participants have updated guidance and information attendant to block trades. The Advisory Notice will also be available on the CME Group website.

Execution of Transactions: Core Principle 9 permits a designated contract market ("DCM") to authorize for bona fide business purposes transactions executed away from the DCM's centralized marketplace, and the Exchanges have established block levels in a wide array of futures and options products for a considerable period of time. The block trade minimum thresholds being established in the CBOT Treasury futures leg of the Treasury Invoice Spreads corresponds to the notional principal amount minimum threshold of the swap leg. The swap leg minimum threshold has been established in compliance with CFTC guidance concerning block trades in swaps.

CBOT certifies that the block trade minimum thresholds in the new products comply with the Act and regulations thereunder. Additionally, the Exchanges certify that the issuance of RA1408-3 complies with the Act and regulations thereunder. There were no substantive opposing views to this proposal. RA1408-3 appears as Exhibit A.

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

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or via e-mail at [Christopher.Bowen@cmegroup.com](mailto:Christopher.Bowen@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A – RA1408-3

# EXHIBIT A

## MARKET REGULATION ADVISORY NOTICE

<b>Exchange</b>	<b>CME &amp; CBOT</b>
<b>Subject</b>	<b>Block Trades</b>
<b>Rule References</b>	<b>Rule 526</b>
<b>Advisory Date</b>	<b>December 1, 2014</b>
<b>Advisory Number</b>	<b>CME &amp; CBOT RA1408-3</b>
<b>Effective Date</b>	<b>December 15, 2014</b>

This Advisory Notice supersedes CME & CBOT Market Regulation Advisory Notice RA1407-3 from November 7, 2014. It is being issued to notify the marketplace that pending all relevant regulatory review periods, CBOT will begin to permit block trading in the following new intercommodity spreads involving a Treasury futures contract and a forward-starting Libor-reference interest rate swap (“Treasury Invoice Spread”), concurrent with launch of trading in the intercommodity spreads on Sunday, December 14, 2014, for trade date Monday, December 15, 2014:

<b>Intercommodity Treasury Invoice Spread</b>	<b>Minimum Block Trade Threshold – Invoice Swap Notional Principal Amount (\$ mlns)</b>	<b>Minimum Block Trade Threshold – Treasury Futures Contracts</b>
CBOT 2-Year Invoice Spread	460	2,300
CBOT 5-Year Invoice Spread	240	2,400
CBOT 10-Year Invoice Spread	170	1,700
CBOT Treasury Bond Invoice Spread	120	1,200
CBOT Ultra Bond Invoice Spread	120	1,200

As a result of establishing block trade eligibility in CBOT Treasury Invoice Spreads, CBOT is also notifying the marketplace that it is impermissible to execute contingent block trades in Treasury Invoice Spreads where the block trade minimum thresholds for block trades in outright CBOT Treasury futures are circumvented.

Block trades in CBOT Treasury Invoice Spreads must be submitted via CME ClearPort. Block trades in these spreads may not be price reported to the Global Command Center (“GCC”) and subsequently entered into Front End Clearing.

Additional information on CBOT Treasury Invoice Spreads is available by clicking [here](#).

CME and CBOT products in which block trading is permitted, and the relevant quantity thresholds, appear in Section 12, and the text of CME and CBOT Rule 526 appears in Section 13 of this Advisory Notice.

### **1. Definition of Block Trades**

Block trades are privately negotiated futures, options or combination transactions that meet certain quantity thresholds which are permitted to be executed apart from the public auction market.

It shall not be permissible to facilitate the execution of block trades in Exchange-traded products on a system or facility accessible to multiple parties that allows for the electronic matching of or the electronic acceptance of bids and offers. Parties may use communication technologies to bilaterally request block quotes from one or more participants and to conduct privately negotiated block trades. Parties may also utilize technologies supported by third parties which allow for the electronic posting of indicative block markets displayed to multiple market participants. However, block trades executed between parties on the basis of such electronically displayed indicative markets may be transacted only through direct bilateral communications involving the broker, where applicable, and the parties to the trade.

All block trades are subject to the conditions set forth in CME and CBOT Rule 526 and in this Advisory Notice. Additionally, BTIC ("Basis Trade at Index Close") block trades in CME E-mini S&P Select Sector Stock Index futures, CME S&P MLP Index futures, CME E-mini NASDAQ Biotechnology Index futures, CME E-mini S&P MidCap 400 Stock Price Index futures, CME E-mini S&P SmallCap 600 Stock Price Index futures, CME S&P 500/Growth Index futures, CME S&P 500/Value Index futures and CBOT Dow Jones US Real Estate Index futures are also subject to the BTIC Block Trade Requirements section of CME Rule 35506.A., CME Rule 36906.A., CME Rule 37506.A., CME Rule 36006.A., CME Rule 36206.A., CME Rule 36806.A., CME Rule 35506.A, CME Rule 35606.A., or CBOT Rule 30107.A., as applicable.

Effective on October 19, 2014, for trade date October 20, 2014, BTIC block trades in CME USD Denominated Ibovespa futures will also be subject to the requirements that will be set forth in the BTIC Block Trade Requirements section of CME Rule 35406.A.

Additional information on BTIC block trades appears in Section 9 of this Advisory Notice.

## **2. Participation in Block Trades**

Each party to a block trade must be an Eligible Contract Participant as that term is defined in Section 1a of the Commodity Exchange Act. Eligible Contract Participants generally include exchange members and member firms, broker/dealers, government entities, pension funds, commodity pools, corporations, investment companies, insurance companies, depository institutions and high net-worth individuals. Commodity trading advisors and investment advisors who are registered or exempt from registration, and foreign persons performing a similar role and subject as such to foreign regulation, may participate in block transactions provided they have total assets under management exceeding \$25 million and the block trade is suitable for their customers.

A customer order may be executed by means of a block trade only if the customer has specified that the order be executed as a block trade.

Orders may not be bunched to meet the minimum block quantity thresholds.

## **3. Time and Prices of Block Trades**

Block trades may be executed at any time, including times during which the public auction market is closed, except that BTIC block trades may not take place on the last day of trading in an expiring contract month.

Block trades must be transacted at prices that are "**fair and reasonable**" in light of (i) the size of the transaction, (ii) the prices and sizes of other transactions in the same contract at the relevant time, (iii) the prices and sizes of transactions in other relevant markets, including, without limitation, the underlying cash market or related futures markets, at the relevant time, and (iv) the circumstances of the markets or the parties to the block trade. Notwithstanding the foregoing, options priced at cabinet **may not** be transacted as a block trade.

The Basis applied to a BTIC block trade must also be fair and reasonable taking into account financing rates, expected dividend income and the time remaining until the applicable futures contract expires pursuant to the requirements of CME Rule 36906, CME Rule 37506, CME Rule 36006, CME Rule 36206,

CME Rule 36806, CME Rule 35506, CME Rule 35606, CME Rule 35406 or CBOT Rule 30107, as applicable.

The trade price must be consistent with the minimum tick increment for the market in question. Additionally, each outright transaction and each leg of any block eligible spread or combination trade must be executed at a single price.

Block trade prices are reported independently of transaction prices in the regular market and are not included as part of the daily trading range. Block trade prices do not elect conditional orders (e.g. stop orders) or otherwise affect orders in the regular market.

#### **4. Block Trade Minimum Quantities for Outrights, Spreads and Combinations**

The block trade minimum quantity requirements for outright futures and options are set forth in the list of block trade eligible products in Section 12 of this Advisory Notice. Additional information with respect to spreads and combinations executed as blocks appears below:

##### **a) Intra-Commodity Futures Spreads and Futures Combinations**

- i) All Products Excluding U.S. Treasury, S&P GSCI, S&P GSCI ER and Bloomberg Roll Select Commodity Index Futures

Intra-commodity futures spreads and futures combinations may be executed as block trades provided that the **sum** of the quantities of the legs meets the minimum block quantity threshold. For example, 2,000 Eurodollar future calendar spreads executed during RTH hours would meet the Eurodollar futures minimum quantity requirement of 4,000 contracts.

- ii) U.S. Treasury Futures

##### ***Intra-commodity calendar spread block trades are prohibited in CBOT U.S. Treasury futures.***

Parties may not execute contingent block trades in outright contracts to circumvent the prohibition on the execution of block trades in intra-commodity calendar spreads. Additionally, Tandem spreads (a trade combining calendar spreads in two different Treasury futures) may not be executed as block trades.

- iii) S&P GSCI, S&P GSCI ER and Bloomberg Roll Select Commodity Index Futures

For the above-referenced futures products, the block trade minimum is 300 contracts for each leg of the spread or combination. For example, the minimum quantity for an S&P GSCI calendar spread would require 300 contracts in each leg of the spread for a total of 600 contracts while a Bloomberg Roll Select Commodity Index futures butterfly would require a minimum volume of 1,200 contracts (300 contracts in each of the four legs of the butterfly).

##### **b) Inter-Commodity Futures Spreads**

- i) Short Term Interest Rate Futures

In Short Term Interest Rate futures (Eurodollars, Eurodollar E-minis, Euribor, T-Bills, OIS, One-Month Eurodollar, Euroyen and 30-Day Fed Funds), inter-commodity futures spreads may be executed as block trades provided that the **sum of the legs of the spread** meets the **larger** of the threshold requirements for the underlying products. For example, the minimum quantity thresholds for One-Month Eurodollar and Eurodollars during ETH are 200 and 2,000 contracts, respectively. Therefore, a block trade in the One-Month Eurodollar/Eurodollar spread can be executed provided that the sum of the legs is at least 2,000 contracts.

- ii) U.S. Treasury and 10-Year Sovereign Yield Spread Futures

In U.S. Treasury and 10-Year Sovereign Yield Spread futures, inter-commodity futures spreads may be executed as block trades provided that **each leg of the spread** meets the minimum threshold requirement for the respective underlying products. For example, the minimum quantity thresholds for 10-Year Notes and U.S. Treasury Bonds during RTH are 5,000 and 3,000 contracts, respectively. Therefore, a block trade in the NOB spread (10-Year Note/Treasury Bond spread) can be executed only if the minimum quantity of the 10-Year Note leg of the spread is at least 5,000 contracts and the minimum quantity of the Treasury Bond leg of the spread is at least 3,000 contracts.

iii) Deliverable Interest Rate Swap Futures (“DSF”) & Deliverable Euro Interest Rate Swap Futures (“EUR IRS”)

Inter-commodity futures spreads or combinations composed only of DSF or composed only of EUR IRS (e.g., 2-Year DSF v. 10-Year DSF) may be executed as block trades provided that the **sum of the legs of the spread** meets the **larger** of the threshold requirements for the underlying products. For example, the minimum block trade thresholds for 2-Year DSF and 10-Year DSF are 3,000 and 1,000 contracts, respectively. Thus, a spread between these two contracts may be executed as a block trade if the sum of the quantities of the legs is at least 3,000 contracts.

Inter-commodity futures spreads or combinations excluding those composed only of DSF or composed only of EUR IRS (e.g., 10-Year Treasury Notes vs. 10-Year DSF) may be executed as block trades provided that **each leg of the spread** meets the minimum threshold requirement for the respective underlying products. For example, the minimum block trade thresholds for 10-Year Treasury Note futures and 10-Year DSF during RTH are 5,000 contracts and 1,000 contracts, respectively. A spread between these two contracts can be executed as a block trade, therefore, only if the quantity of the 10-Year Treasury Note leg is at least 5,000 contracts and the quantity of the 10-Year DSF leg is at least 1,000 contracts.

iv) U.S. Treasury Futures and Forward-Starting Libor Reference Interest Rate Swaps (“Treasury Invoice Spreads”)

Intercommodity Treasury Invoice Spreads may be executed as block trades at the following minimum quantities:

Intercommodity Treasury Invoice Spread	Minimum Block Trade Threshold – Invoice Swap Notional Principal Amount (\$ mlns)	Minimum Block Trade Threshold – Treasury Futures Contracts
CBOT 2-Year Invoice Spread	460	2,300
CBOT 5-Year Invoice Spread	240	2,400
CBOT 10-Year Invoice Spread	170	1,700
CBOT Treasury Bond Invoice Spread	120	1,200
CBOT Long Term (Ultra) Bond Invoice Spread	120	1,200

Contingent trades in Treasury Invoice Spreads where the block trade minimum thresholds for block trades in outright CBOT Treasury futures are circumvented are prohibited.

v) All Other Products

In all other block-eligible products, inter-commodity futures spreads may be executed as block trades provided that the quantity of **each leg of the spread** meets the **larger** of the threshold requirements for the underlying products.

c) Intra-Commodity Option Spreads and Combinations

Intra-commodity option spreads and combinations may be executed as block trades provided that the quantity of **each leg of the spread** meets the designated minimum quantity threshold.

#### d) Inter-Commodity Option Spreads and Combinations

Inter-commodity option spreads and combinations may be executed as block trades provided that the quantity of **each leg of the spread** meets the **larger** of the threshold requirements for the underlying products.

#### e) Options/Futures Spreads

In general, options/futures spreads may be executed as block trades provided that the options component of the spread meets the minimum quantity threshold for the outright option or option combination and the quantity of futures executed is consistent with the delta of the options component of the spread. An exception applies to Weather and Housing options/futures spreads, where the legs of the spread may be summed to meet the 20-contract minimum threshold.

### **5. Block Trade Price Reporting Requirements**

#### a) Time Requirements

With the exceptions noted below, all block trades must be price reported to the Exchange within **five minutes** of the transaction.

##### i) Block Trades during European or Asian hours (ETH or ATH) in Interest Rate Products, Including Treasury Invoice Spreads but **Excluding** DSF and EUR IRS

Interest rate block trades executed during ETH or ATH must be price reported to the Exchange within **15 minutes** of the transaction. With the exception of DSF and EUR IRS, interest rate block trades executed during RTH must be reported within five minutes.

ETH: 12:00 a.m. – 7:00 a.m. CT, Monday through Friday on regular business days  
RTH: 7:00 a.m. – 4:00 p.m. CT, Monday through Friday on regular business days  
ATH: 4:00 p.m. – 12:00 a.m. CT, Monday through Friday on regular business days and at all times on weekends

##### ii) Weather, Housing, DSF and EUR IRS Block Trades

Block trades in Weather, Housing, DSF and EUR IRS contracts must be price reported to the Exchange within **15 minutes** of the transaction.

Notwithstanding the foregoing, the execution of any inter-commodity block spread or combination trade that includes a DSF or EUR IRS leg(s) and a leg(s) subject to a 5 minute price reporting requirement requires that the block spread or combination trade be reported within 5 minutes of execution.

#### b) Reporting Obligation

Price reporting obligations are the responsibility of the seller, unless otherwise agreed to by the principal counterparties to the block trade; however, in the case of a brokered transaction, the price reporting obligation is the responsibility of the broker handling the block trade, unless otherwise agreed to by the principal counterparties to the block trade. For purposes of the foregoing, the term “seller” refers to the principal counterparty acting as the seller of the block trade.

The failure to submit timely, accurate and complete block trade reports may subject the party responsible for the reporting obligation to disciplinary action. Parties shall not be sanctioned for block reporting



infractions deemed to arise from factors beyond the reporting party's control (e.g. the block trade fails the CME ClearPort automated credit check).

### c) Reporting Methods

Block trades must be price reported to the Exchange via one of the following methods.

#### i) Global Command Center ("GCC")

All block trades (except for block trades in Weather futures and options executed between 8:00 a.m. and 3:30 p.m. Chicago time, Monday – Friday on regular business days and in CBOT Treasury Invoice Spreads at all times) may be price reported to the GCC. The seller or broker reports the trade by calling the GCC at **800.438.8616**, in Europe at **44.800.898.013** or in Asia at **65.6532.5010**. When the GCC is closed – for example, during the weekend – the block trade must be reported no later than five minutes prior to the opening of the next electronic trading session for that product.

#### ii) CME ClearPort

Block trades may be electronically submitted directly to CME Clearing via CME ClearPort, with the exception of CME Weather futures block trades.

Block trades may also be price reported to the CME ClearPort Facilitation Desk by calling **1.866.246.9639** or via email at [FacDesk@cmegroup.com](mailto:FacDesk@cmegroup.com). In either case, all of the data and information elements required in d) below must be submitted.

Please note that block trades in CBOT Treasury Invoice Spreads must be reported via CME ClearPort or by calling the CME ClearPort Facilitation Desk.

For information on reporting block trades through CME ClearPort, please contact customer service at 1.800.438.8616 or via email at [ClearPort@cmegroup.com](mailto:ClearPort@cmegroup.com).

#### iii) Weather Blocks on CME Clearing360 via Pivot Instant Markets

Block trades in Weather futures and options may be price reported electronically to CME Clearing360 via Pivot Instant Markets by eligible inter-dealer brokers. For additional information on price reporting block trades via Pivot Instant Markets, please contact Heidi Centola, Manager, Ag & Alt Inv Products, Products and Services, at 312.930.1308 or via email at [Heidi.Centola@cmegroup.com](mailto:Heidi.Centola@cmegroup.com).

#### iv) Weather Block Trades Executed Between 8:00 a.m. and 3:30 p.m.

Block trades in Weather futures and options executed between 8:00 a.m. and 3:30 p.m. Chicago time, Monday – Friday on regular business days should be price reported to Exchange staff by calling 312.648.3935 or 312.648.3936.

### d) Information Required When Reporting Block Trades

When price reporting a block trade, the following information will be required:

- Contract, contract month and contract year for futures, and, additionally for options, strike price and put or call designation for standard options, as well as the expiration date and exercise style for flex options;
- Quantity of the trade or, for spreads and combinations, the quantity of each leg of the trade;
- Price of the trade or, for spreads and combinations, the price of each leg of the trade; and
- Buyer's clearing firm and seller's clearing firm;
- Name and phone number of the party reporting the trade (for block trades reported to the GCC or reported via telephone or email to the CME ClearPort Facilitation Desk);

- For block trades reported via phone or email to the CME ClearPort Facilitation Desk, counterparty name and contact information must also be provided for trade verification purposes; and
- Execution time (to the nearest minute in Central Time) of the trade. The execution time is the time at which the trade was consummated.

Market participants must exercise diligence in accurately reporting the execution time of the block trade. The reporting of inaccurate execution times may result in disciplinary action.

## **6. Block Trade Submission Requirements to CME Clearing**

Block trades price reported to the GCC or Exchange staff as described in numbers i) or iv) above must be submitted to CME Clearing through the FEC User Interface via the portal under BLOCK entry. For block trades executed between 6:00 a.m. and 6:00 p.m. **Central Time**, firms must submit the trade within one hour. For block trades executed between 6:00 p.m. and 6:00 a.m. **Central Time**, firms must submit the trade no later than 7:00 a.m. **Central Time**.

Block trades are entered by both the buyer's and seller's clearing firm and go through a two-sided match process. Upon entry, confirmation records will be routed back to the firms for bookkeeping purposes. When reporting spread or combination transactions, each leg must be entered individually. The execution time is required to be entered and must be the actual time at which the transaction was consummated by the two parties, not the time at which the trade is reported by the parties to their respective firms. Thus, if the clearing member has not acted as either principal or agent in the transaction, it must ensure that its customer provides an accurate execution time.

A block trade in a block-eligible option may be executed up to and including the day on which an option contract expires for purposes of offsetting an open option position. The offsetting block trade must be price reported to the GCC pursuant to the requirements of Section 5 above, and the offset must be submitted to CME Clearing no later than the Position Change Submission ("PCS") deadline on the day on which the option contract expires. The PCS deadline for CME and CBOT products is 7:30 p.m. Central Time.

## **7. Block Trade Recordkeeping**

Complete order records for block trades must be created and maintained pursuant to Rule 536 and CFTC Regulations. Additionally, the time of execution of the block trade must also be recorded for all block trades.

## **8. Dissemination of Block Trade Information**

The date, execution time, contract details, price and quantity of block trades are reported upon receipt of the block information by GCC. Block trade information is reported on the MerQuote system and may be accessed by entering the code "BLK". The information will also be displayed on cmegroup.com at the following link: <http://www.cmegroup.com/tools-information/blocktrades.html>. Block trade information is also displayed on the trading floor.

Block trade prices are published separately from transactions in the regular market.

Block trade volume is also identified in the daily volume reports published by the exchange.

## **9. BTIC Block Trades**

A BTIC Transaction is a futures transaction that is priced with reference to the applicable cash index close price. BTIC Transactions in CME E-mini S&P Select Sector Stock Index futures, CME S&P MLP Index futures, CME E-mini NASDAQ Biotechnology Index futures, CME E-mini S&P MidCap 400 Stock Price Index futures, CME E-mini S&P SmallCap 600 Stock Price Index futures, CME S&P 500/Growth Index futures, CME S&P 500/Value Index futures, CME USD Denominated Ibovespa futures and CBOT

Dow Jones US Real Estate Index futures may be executed as block trades pursuant to the requirements of Rule 526 ("Block Trades"), this Advisory Notice and the applicable provisions in the corresponding product chapter (CME Chapter 369, CME Chapter 375, CME Chapter 360, CME Chapter 362, CME Chapter 368, CME Chapter 355, CME Chapter 356, CME Chapter 354 and CBOT Chapter 30, as applicable).

The current minimum threshold of 50 contracts applicable to each product will also apply to BTIC block trades in the products. BTIC block trades will not be permitted on the last day of trading in an expiring contract month.

BTIC block trades **may not** be executed as a spread transaction pursuant to the requirements in Section 4 of this Advisory Notice. Parties wishing to effectuate a block spread transaction in either product will be required to negotiate the transaction as separate outright BTIC block trades, and each leg must meet the minimum threshold of 50 contracts.

The futures price assigned to an E-mini S&P Select Sector Stock Index futures BTIC block trade will be based on the current day's S&P Select Sector cash index close price, or the current day's S&P Select Sector cash index close price adjusted by any valid price increment (the "Basis") higher or lower than the S&P Select Sector cash index close price. The Basis must be stated in full tick increments as set forth in CME Rule 36901 ("Contract Specifications").

The futures price assigned to an S&P MLP Index futures BTIC block trade will be based on the current day's S&P MLP cash index close price, or the current day's S&P MLP cash index close price adjusted by any valid price increment higher or lower than the S&P MLP cash index close price. The Basis must be stated in full tick increments as set forth in CME Rule 37502.C. ("Price Increments").

The futures price assigned to an E-mini NASDAQ Biotechnology Index futures BTIC block trade will be based on the current day's Nasdaq Biotechnology Index close price, or the current day's Nasdaq Biotechnology Index close price adjusted by any valid price increment higher or lower than the Nasdaq Biotechnology cash index close price. The Basis must be stated in full tick increments as will be set forth in CME Rule 36002.C. ("Price Increments").

The futures price assigned to an E-mini S&P MidCap 400 Stock Price Index futures BTIC block trade will be based on the current day's S&P MidCap 400 Stock Price Index close price, or the current day's S&P MidCap 400 Stock Price Index close price adjusted by any valid price increment higher or lower than the S&P MidCap 400 cash index close price. The Basis must be stated in full tick increments as will be set forth in CME Rule 36202.C. ("Price Increments").

The futures price assigned to an E-mini S&P SmallCap 600 Stock Price Index futures BTIC block trade will be based on the current day's S&P SmallCap 600 Stock Price Index close price, or the current day's S&P SmallCap 600 Stock Price Index close price adjusted by any valid price increment higher or lower than the S&P SmallCap 600 cash index close price. The Basis must be stated in full tick increments as will be set forth in CME Rule 36802.C. ("Price Increments").

The futures price assigned to an S&P 500/Growth Index futures BTIC block trade will be based on the current day's S&P 500/Growth Index close price, or the current day's S&P 500/Growth Index close price adjusted by any valid price increment higher or lower than the S&P 500/Growth cash index close price. The Basis must be stated in full tick increments as will be set forth in CME Rule 35502.C. ("Price Increments").

The futures price assigned to an S&P 500/Value Index futures BTIC block trade will be based on the current day's S&P 500/Value Index close price, or the current day's S&P 500/Value Index close price adjusted by any valid price increment higher or lower than the S&P 500/Value cash index close price. The Basis must be stated in full tick increments as will be set forth in CME Rule 35602.C. ("Price Increments").

The futures price assigned to a USD Denominated Ibovespa futures BTIC block trade will be based on the current day's Ibovespa cash index close price, or the current day's Ibovespa cash index close price adjusted by any valid price increment (the "Basis") higher or lower than the applicable Ibovespa cash index close price. The Basis must be stated in full tick increments as will be set forth in CME Rule 35402.C. ("Price Increments").

The futures price assigned to a Dow Jones US Real Estate Index futures BTIC block trade will be based on the current day's Dow Jones US Real Estate cash index close price, or the current day's Dow Jones US Real Estate cash index close price adjusted by any valid price increment higher or lower than the Dow Jones US Real Estate cash index close price. The Basis must be stated in full tick increments as set forth in CBOT Rule 30102.C. ("Price Increments").

BTIC block trades must be reported to the Exchange at least 10 minutes prior to the scheduled close of the underlying primary securities market to establish the BTIC futures price on the current trading day. A BTIC block trade that is not reported at least 10 minutes prior to the scheduled close of the underlying primary securities market will be priced based on the index close price for the next available trading day for the primary securities market.

The futures price of a BTIC block trade will be determined by the Exchange at 3:45 p.m. Central Time and the Exchange-determined price will be final at that time. In the event of an early scheduled close of the primary securities market, the futures price of a BTIC block trade will be determined by the Exchange 45 minutes after the early scheduled close time for the primary securities market, and the Exchange-determined price will be final at that time. In the event of an equity market disruption in the primary securities market, all BTIC block trades will be cancelled for that trade date.

#### **10. Use of Nonpublic Information Regarding Block Trades**

Parties involved in the solicitation or negotiation of a block trade may not disclose the details of those communications to any other party for any purpose other than to facilitate the execution of the block trade. Parties privy to nonpublic information regarding a consummated block trade may not disclose such information to any other party prior to the public report of the block trade by the Exchange. A broker negotiating a block trade on behalf of a customer may disclose the identity of the customer to potential counterparties, including the counterparty with which the block trade is consummated, only with the permission of the customer.

Pre-hedging or anticipatory hedging of any portion of a block trade in the same product or a closely-related product based upon a solicitation to participate in a block trade is not permitted. A closely related product is a product that is highly correlated to, serves as a substitute for, or is the functional economic equivalent of the product being traded as a block.

Counterparties to a block trade are permitted to initiate trades to hedge or offset the risk associated with the block trade following the consummation of the block trade, including during the period preceding the public report of the block trade by the Exchange.

Except as provided above, parties privy to nonpublic information attendant to a block trade are prohibited from trading in the same product or a closely-related product for the purpose of taking advantage of such information prior to the public report of the block trade by the Exchange. This prohibition is not intended to preclude such parties from continuing to transact in the marketplace in the context of their normal business; rather, it precludes parties in possession of actionable nonpublic information regarding an imminent block trade or report of a block trade from specifically using such information to their advantage. Information regarding a block trade is considered to be nonpublic until such time that the block trade details have been disseminated to the marketplace by the Exchange or the information can otherwise be demonstrated to have become stale or obsolete.

Parties solicited to provide a two-sided block market are not deemed to be in possession of nonpublic information provided that side of market interest is not disclosed in the context of the solicitation.

## **11. Block Trades between Affiliated Parties**

Block trades between the accounts of affiliated parties are permitted provided that 1) the block trade is executed at a fair and reasonable price; 2) each party has a legal and independent bona fide business purpose for engaging in the trade; and 3) each party's decision to enter into the block trade is made by an independent decision-maker. In the absence of satisfying the requirements above, the transaction may constitute an illegal wash trade prohibited by Rule 534 ("Wash Trades Prohibited").

## **12. CME & CBOT Block Trade-Eligible Products**

For purposes of the interest rate products in the tables, the following times apply:

ETH: 12:00 a.m. – 7:00 a.m. CT, Monday through Friday on regular business days

RTH: 7:00 a.m. – 4:00 p.m. CT, Monday through Friday on regular business days

ATH: 4:00 p.m. – 12:00 a.m. CT, Monday through Friday on regular business days and at all times on weekends

<b>CME Products</b>	<b>Futures</b>	<b>Options</b>
<b>Eurodollars (RTH)</b>	<b>4,000 contracts - or 1,000 contracts provided that a minimum of 1,000 contracts are transacted in years 6-10</b>	<b>10,000 contracts</b>
<b>Eurodollars (ETH)</b>	<b>2,000 contracts – or 500 contracts provided that a minimum of 500 contracts are transacted in years 6-10</b>	<b>5,000 contracts</b>
<b>Eurodollars (ATH)</b>	<b>1,000 contracts – or 250 contracts provided that a minimum of 250 contracts are transacted in years 6-10</b>	<b>2,500 contracts</b>
<b>3-Month OIS/Eurodollar spread (RTH)</b>	<b>4,000 contracts (all legs combined)</b>	<b>Not available</b>
<b>3-Month OIS/Eurodollar spread (ETH)</b>	<b>2,000 contracts (all legs combined)</b>	<b>Not available</b>
<b>3-Month OIS/Eurodollar spread (ATH)</b>	<b>1,000 contracts (all legs combined)</b>	<b>Not available</b>
<b>2-Year Eurodollar Bundle (RTH)</b>	<b>500 contracts</b>	<b>1,250 contracts</b>
<b>2-Year Eurodollar Bundle (ETH)</b>	<b>250 contracts</b>	<b>625 contracts</b>
<b>2-Year Eurodollar Bundle (ATH)</b>	<b>125 contracts</b>	<b>325 contracts</b>
<b>3-Year Eurodollar Bundle (RTH)</b>	<b>330 contracts</b>	<b>825 contracts</b>
<b>3-Year Eurodollar Bundle (ETH)</b>	<b>165 contracts</b>	<b>400 contracts</b>
<b>3-Year Eurodollar Bundle (ATH)</b>	<b>80 contracts</b>	<b>200 contracts</b>
<b>5-Year Eurodollar Bundle (RTH)</b>	<b>200 contracts</b>	<b>500 contracts</b>
<b>5-Year Eurodollar Bundle (ETH)</b>	<b>100 contracts</b>	<b>250 contracts</b>
<b>5-Year Eurodollar Bundle (ATH)</b>	<b>50 contracts</b>	<b>125 contracts</b>
<b>Euroyen (RTH)</b>	<b>200 contracts</b>	<b>200 contracts</b>
<b>Euroyen (ETH)</b>	<b>100 contracts</b>	<b>100 contracts</b>
<b>Euroyen (ATH)</b>	<b>50 contracts</b>	<b>50 contracts</b>
<b>One-Month Eurodollar (RTH)</b>	<b>400 contracts</b>	<b>400 contracts</b>
<b>One-Month Eurodollar (ETH)</b>	<b>200 contracts</b>	<b>200 contracts</b>
<b>One-Month Eurodollar (ATH)</b>	<b>100 contracts</b>	<b>100 contracts</b>
<b>Three-Month Euribor</b>	<b>2,000 contracts (nearest 20 March quarterly cycle delivery months and non-March quarterly cycle delivery months) 500 contracts (farthest 20 March quarterly)</b>	<b>Not available</b>

	cycle delivery months)	
Barclays Capital U.S. Aggregate Bond Index	50 contracts	Not available
S&P 500*	Not available	250 contracts
NASDAQ-100 Index*	200 contracts - outright only	100 contracts
E-mini S&P MidCap 400, S&P SmallCap 600, E-mini S&P SmallCap 600, E-mini NASDAQ Composite Index, E-mini S&P Select Sector Stock Index, S&P MLP Index, USD Denominated Ibovespa, E-mini NASDAQ Biotechnology Index	50 contracts	Not available
E-mini Yen Denominated Nikkei Stock Average Index	250 contracts	Not available
E-mini S&P CNX Nifty Index	50 contracts	Not available
E-micro S&P CNX Nifty Index	250 contracts	Not available
Nikkei Stock Average (yen denominated)	50 contracts	50 contracts
S&P GSCI, S&P GSCI ER	50 contracts for outright – 300 contracts for each leg of a spread transaction	Not available
EUR/USD 1-Month and 3-Month Realized Volatility	50 contracts	Not available
EUR/USD*, JPY/USD*	150 contracts	250 contracts
AUD/USD*, CAD/USD*, CHF/USD*, GBP/USD*	100 contracts	250 contracts
MXN/USD	100 contracts	50 contracts
EUR/GBP, EUR/CHF, EUR/JPY, NZD/USD, BRL/USD, CZK/USD, CZK/EUR, HUF/EUR, HUF/USD, ILS/USD, KRW/USD, PLN/USD, PLN/EUR, RMB/USD, RMB/EUR, RMB/JPY, RUB/USD, ZAR/USD	50 contracts	50 contracts
AUD/CAD, AUD/JPY, AUD/NZD, CAD/JPY, CHF/JPY, EUR/AUD, EUR/CAD, EUR/NOK, EUR/SEK, GBP/JPY, GBP/CHF, INR/USD, NOK/USD, SEK/USD, USD/RMB (STD), USD/TRY, EUR/TRY, USD/ZAR, USD/CLP	50 contracts	Not available
Realized Variance: AUD/USD, GBP/USD, EUR/USD, JPY/USD	10 contracts	Not available
Dow Jones CME FX\$INDEX	50 contracts	Not available
Weather	20 contracts	20 contracts
Housing	20 contracts	20 contracts
U.S. Dollar Cash Settled Crude Palm Oil	10 contracts	Not available
Cheese	20 contracts	Not available

\* NOT applicable to E-mini or E-micro FX or E-mini equity indexes except those listed above.

CBOT Products	Futures	Options
2-Year Treasury Notes (RTH)**	5,000 contracts**	2,000 contracts
2-Year Treasury Notes (ETH)**	2,500 contracts**	1,000 contracts
2-Year Treasury Notes (ATH)**	1,250 contracts**	500 contracts
3-Year Treasury Notes (RTH)**	5,000 contracts**	Not available
3-Year Treasury Notes (ETH)**	2,500 contracts**	Not available
3-Year Treasury Notes (ATH)**	1,250 contracts**	Not available
5- and 10-Year Treasury Notes (RTH)**	5,000 contracts**	7,500 contracts
5- and 10-Year Treasury Notes (ETH)**	2,500 contracts**	3,750 contracts
5- and 10-Year Treasury Notes (ATH)**	1,250 contracts**	1,875 contracts

U.S. Treasury Bonds (RTH)**	3,000 contracts**	7,500 contracts
U.S. Treasury Bonds (ETH)**	1,500 contracts**	3,750 contracts
U.S. Treasury Bonds (ATH)**	750 contracts**	1,875 contracts
Long-Term (Ultra) Treasury Bonds (RTH)**	2,000 contracts**	800 contracts
Long-Term (Ultra) Treasury Bonds (ETH)**	1,500 contracts**	600 contracts
Long-Term (Ultra) Treasury Bonds (ATH)**	750 contracts**	300 contracts
30-Day Fed Funds (RTH)	2,000 contracts	1,500 contracts
30-Day Fed Funds (ETH)	1,000 contracts	750 contracts
30-Day Fed Funds (ATH)	500 contracts	375 contracts
2-Year DSF	3,000 contracts	Not available
5-Year DSF	1,500 contracts	Not available
10-Year DSF	1,000 contracts	Not available
30-Year DSF	500 contracts	Not available
2-Year EUR IRS	1,500 contracts	Not available
5-Year EUR IRS	750 contracts	Not available
10-Year EUR IRS	500 contracts	Not available
Bloomberg Commodity Index	300 contracts	Not available
Bloomberg Roll Select Commodity Index	50 contracts for outrights – 300 contracts for each leg of a spread transaction	Not available
Dow Jones US Real Estate Index	50 contracts	Not available
Ethanol	10 contracts	10 contracts
Denatured Ethanol Forward Month	10 contracts	Not available
Distillers' Dried Grain	10 contracts	Not available
Black Sea Wheat	10 contracts	Not available

Intercommodity Treasury Invoice Spread	Minimum Block Trade Threshold – Invoice Swap Notional Principal Amount (\$ mlns)	Minimum Block Trade Threshold – Treasury Futures Contracts
CBOT 2-Year Invoice Spread	460	2,300
CBOT 5-Year Invoice Spread	240	2,400
CBOT 10-Year Invoice Spread	170	1,700
CBOT Treasury Bond Invoice Spread	120	1,200
CBOT Ultra Bond Invoice Spread	120	1,200

\*\* Block trading of intra-commodity Treasury futures calendar spreads is prohibited.

### **13. Text of CME & CBOT Rule 526**

#### **Rule 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. The following shall govern block trades:

- A. A block trade must be for a quantity that is at or in excess of the applicable minimum threshold. Orders may not be aggregated in order to achieve the minimum transaction size, except by those entities described in Sections I. and J.
- B. Each party to a block trade must be an Eligible Contract Participant as that term is defined in Section 1a(18) of the Commodity Exchange Act.
- C. A member shall not execute any order by means of a block trade for a customer unless such customer has specified that the order be executed as a block trade.
- D. The price at which a block trade is executed must be fair and reasonable in light of (i) the size of the block trade, (ii) the prices and sizes of other transactions in the same contract at the relevant time, (iii) the prices and

sizes of transactions in other relevant markets, including without limitation the underlying cash market or related futures markets, at the relevant time, and (iv) the circumstances of the markets or the parties to the block trade.

- E. Block trades shall not set off conditional orders (e.g., Stop Orders and MIT Orders) or otherwise affect orders in the regular market.
- F. **CME** –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 executed outside of Regular Trading Hours (7:00 a.m. – 4:00 p.m. Central Time, Monday – Friday on regular business days) and Housing and Weather futures and options 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.
- F. **CBOT** - 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, 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.
- G. Block trades must be reported to the Clearing House in accordance with an approved reporting method.
- H. Clearing members and members involved in the execution of block trades must maintain a record of the transaction in accordance with Rule 536.
- I. A commodity trading advisor ("CTA") registered or exempt from registration under the Act, including, without limitation, any investment advisor registered or exempt from registration under the Investment Advisors Act of 1940, shall be the applicable entity for purposes of Sections A., B., C., and D., provided such advisors have total assets under management exceeding \$25 million and the block trade is suitable for the customers of such advisors.
- J. A foreign Person performing a similar role or function to a CTA or investment advisor as described in Section I, and subject as such to foreign regulation, shall be the applicable entity for purposes of Sections A., B., C., and D., provided such Persons have total assets under management exceeding \$25 million and the block trade is suitable for the customers of such Persons.

#### **14. Contact Information**

Questions regarding this advisory may be directed to the following individuals:

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