



A CME/Chicago Board of Trade Company

January 10, 2008

Mr. David Stawick
Secretary
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, N.W.
Washington, D.C. 20581

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Reference File # 08-07
Rule Certification

Dear Mr. Stawick:

Pursuant to Commission Regulation 40.6(a), the Chicago Board of Trade (CBOT[®]) and the Chicago Mercantile Exchange (CME[®]) (collectively, "the Exchanges") hereby submit the following as indicated in the attached texts:

Amended CME Rule 588 and new CBOT Rule 588, amended CME Rule 622 and new CBOT Rule 622, amended CBOT Rule 5B.21, and deletions of interpretations from CBOT Rulebook Chapter 5B entitled "e-cbot Error Trade Policy", "Tick Breakdown per CBOT Product" and "Example of Autoleg Error". (With regard to the referenced amended and deleted provisions, additions are underlined and deletions are struck through.)

The Exchanges intend to implement these rule changes as of January 13, 2008. On that date, CBOT products presently traded electronically on e-cbot[®] will begin to migrate to the CME Globex[®] platform. The migration of all CBOT products to Globex is scheduled to be completed as of January 27, 2008, with the exception of CBOT metals products, which will continue to trade on e-cbot. As a result of these rule changes, the Exchanges will have fully harmonized error trade provisions that cover products traded both on Globex and on e-cbot.

The significant changes to the relevant rules include the following:

- In Section 588.B., the time period for reporting an error trade in CBOT products has been expanded from 5 minutes to 8 minutes for liquid contracts and to one hour for illiquid contracts, consistent with the current CME rule. The CME rule adopts a provision from the current CBOT rules that allows the Globex Control Center ("GCC") flexibility to review trades in illiquid contracts that are not reported within one hour if the GCC determines that the trade price is egregiously out of line with fair value.

- In Section 588.C., the GCC is afforded the flexibility to bust rather than re-price trades in implied-eligible futures contracts and in options contracts if the trades in question involve multiple parties, multiple prices and/or multiple contracts.
- In Section 588.K., the “no bust range” for Treasury futures has been reduced from 3 full points to 30/32nds in the case of Treasury Bond and Ten-Year Note futures and to 15/32nds in the case of Five-Year and Two-Year Note futures. The “no bust range” for Dow futures has been reduced from 250 points to 60 points. These changes reflect the fact that Globex employs Stop Order Logic functionality that helps to mitigate market spikes that could otherwise occur because of the continuous triggering, election and trading of stop orders.
- In Section 588.K., the CME will adopt the CBOT practice of price adjusting, rather than busting, option errors. The harmonized rule modifies the CBOT approach by establishing a Bid/Ask Reasonability Allowance for use in determining the parameters of the no bust range and the corresponding price adjustments. Additionally, under the new rule, the no bust range is based, in part, on the premium value of the option rather than exclusively on a specific tick value.
- Section 588.C. incorporates new language establishing the liability for losses resulting from trade price adjustments.
- Section 588.J. reduces the existing CBOT administrative fees for error trades to levels consistent with the current CME fee schedule.
- Based on the changes to Rule 588.C.3., Sections A., B. and C. of Rule 622 (“Claims Relating to Trade Cancellations or Price Adjustment”) have been modified to clarify that claims for price-adjusted trades will be handled pursuant to the specific provisions of Rule 622.
- CBOT Rule 5B.21 has been modified to reference new CBOT Rule 588 and three interpretations from Chapter 5B that related to the prior CBOT error trade policy have been eliminated.

There were no opposing views concerning these rule changes.

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The Exchanges certify that these rule changes comply with the Commodity Exchange Act and the rules thereunder.

Questions in this regard may be directed to the CME Group Market Regulation Department, Dean Payton (telephone 312-435-3658) or Robert Sniegowski (telephone 312-648-5493).

Sincerely,



Paul J. Draths
Vice President and Secretary

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GLOBEX TRADE CANCELLATIONS AND PRICE ADJUSTMENTS**588.A. Globex Control Center Trade Cancellation Authority**

The following policy shall be applied to balance the adverse effects on market integrity of executing trades and publishing trade information inconsistent with prevailing market conditions while preserving legitimate expectations that executed transactions will not be cancelled. The Exchange's trade cancellation policy authorizes the Globex Control Center ("GCC") to adjust trade prices or cancel (bust) trades when such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of the Globex electronic trading system or by system defects by adjusting trade prices or canceling ("busting") trades. Notwithstanding any other provisions of this rule, the GCC may also adjust trade prices or cancel any trade if the GCC determines that failure to adjust the price or canceling the trade to stand as executed may have a material, adverse effect on the integrity of the market. The decision of the GCC shall be final.

588.B. Review of Trades

The GCC may review a trade based on its analysis of market conditions or a request for review by a Globex user of the electronic trading system. A request for review must be made within eight minutes of the execution of the trade occurring. The GCC shall promptly determine whether the trade will be subject to review, and upon deciding to review a trade, the GCC will promptly issue an alert indicating that the trade is under review.

In the case of illiquid contracts, the GCC may initiate a review up to one hour after the trade occurred. Promptly after deciding to review a trade, the GCC will issue an alert indicating that the trade is under review, execution of the trade, and has the authority, but not the obligation, to review trades reported more than one hour following execution if it determines that the trade price was egregiously out of line with fair value.

588.C. Trade Price Adjustment and Cancellation Process

The GCC will first determine whether the trade price is within the No Bust Range for futures or within the contract pursuant to Bid/Ask Reasonability Allowance for options, as described in Section K. 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 no bust range for the option. During fast market conditions, upon the release of significant news events, or in other circumstances in which the GCC determines it is appropriate, the GCC may, without prior notice, temporarily double the published No Bust Range without prior notice or Bid/Ask Reasonability Allowance.

In applying the No Bust Range, the GCC shall determine the actual or implied market price for that contract immediately before the trade under review. The GCC may consider any relevant information, including, but not limited to, the existing market conditions, the volatility of the market, the prices of related instruments in other markets, the last trade price on Globex the electronic trading system, a better bid or offer price, a more recent price in a different contract month, the price of the same or related contract established in open outcry trading, theoretical value of an option based on the current (most recent) implied volatility, "responses to RFQs," and any other factors that the GCC deems relevant.

1. Trade Price Inside the No Bust Range

If the GCC determines that the price of the trade was inside the No Bust Range, the GCC will promptly issue an alert indicating that the trade shall stand.

2. Trade Price Outside the No Bust Range**a. Implied-Eligible Futures Contracts**

If the GCC determines that a trade price is outside the applicable No Bust Range for an Implied-eligible contract, the trade price shall be adjusted to a price that equals the actual or implied market price for that contract at the time of the questioned trade, plus or minus the standard or doubled No Bust Range, as may be applicable. 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 bust rather than price adjust such transactions. The GCC will promptly issue an alert indicating that the prices of the trades outside the No Bust Range have been adjusted to the No Bust Range limit.

— For example, if the standard No Bust Range for Eurodollars or LIBOR is 2.5 points above and below the market price and the doubled No Bust Range was in effect at

~~the time of the transactions, all trade prices outside the doubled No Bust Range shall be adjusted to the applicable No Bust Range limit, i.e., 5 points above or below the market price have been busted.~~

b. ~~All Other Futures and Option Contracts~~

~~If the GCC determines that the trade price is outside the No Bust Range for a non-implied-eligible futures contract, the GCC shall bust the trade. The GCC will promptly issue an alert indicating that trades outside the No Bust Range have been busted.~~

c. Option Contracts

If the GCC determines that a trade price is outside the applicable No Bust Range for an option contract, the trade price shall be adjusted. In the case of a buy error, the price will be adjusted to the determined ask price plus the applicable no bust parameter. In the case of a sell error, the price will be adjusted to the determined bid price minus the applicable no bust parameter. 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 bust rather than price adjust such transactions. The GCC will promptly issue an alert indicating that the prices of the trades outside the No Bust Range have been adjusted to the No Bust Range limit or have been busted.

d. Notwithstanding the above, trades consummated pursuant to Rule 585 that are determined by the GCC to be outside the No Bust Range will stand, and a reciprocal trade negating the original trade will be consummated by means of a "type 8 transfer."

3. Liability for Losses Resulting from a Price Adjustment or Trade Bust

A party responsible for entering an order that results in a trade price adjustment shall not be liable for losses incurred by persons whose trade prices were adjusted, except as provided in 3.a., 3.b. and 3.c. below.

a. Implied Eligible Contracts – Price Adjusted Stop Orders

A party responsible for an order(s) that results in a trade price adjustment shall be liable for actual losses incurred by persons whose stop orders were elected as a result of the order(s). The compensable loss on each futures contract executed as part of a stop order shall be the difference between the adjusted price, as determined by the GCC, and the price in the market at the time the person knew or should have known that his stop order was erroneously elected.

b. Implied Eligible Contracts – Price Adjusted Spread Trades

A party responsible for an order that results in a trade price adjustment shall not be liable to persons whose spread orders were executed and adjusted unless the adjusted execution price of the spread is less favorable than the market equilibrium spread-price for the relevant spread. The liability of the party responsible for an order that results in a price adjustment shall be limited to the difference between the adjusted price and the equilibrium market price, but shall not exceed the relevant No Bust Range.

c. ~~Implied Eligible~~ Option Contracts – Other Transactions Price Adjusted Trades

~~A party responsible for entering an order that results in a trade price adjustment shall not be liable for losses incurred by~~ persons whose trade prices were option orders were executed and adjusted, except as provided in 3.a. and 3.b. above.

d. ~~All Other Futures and Options Contracts unless the adjusted execution price of the option is less favorable than the market equilibrium price for the relevant option. The liability of the party responsible for an order that results in a price adjustment shall be limited to the difference between the adjusted price and the market equilibrium price, but shall not exceed the relevant No Bust Range.~~

d. Busted Trades

A party responsible for an order that results in a trade bust may be liable for the reasonable out-of-pocket losses incurred by persons whose trades were busted or persons whose stop orders were elected and not busted. Issues of liability in such cases will be determined based upon all relevant facts and circumstances, including the conduct of the respective parties. ~~All claims in connection with such losses must be pursued under the applicable rules of Chapter 6.~~

A claim for a loss pursuant to Sections C.3.a., ~~b.~~ and ~~g.~~ must be submitted to the Exchange, on an Exchange claim form, within five business days of the ~~price adjustment or the election of the step-up giving rise to the claim.~~ The Exchange shall reject any claim that is not permitted by Sections C.3.a., ~~b. or c. and~~ ~~g.~~ Such decision shall be final. All claims, which are not rejected by the Exchange, shall be forwarded to the party responsible for the order(s) that resulted in a trade bust or a price adjustment and to the clearing member through which the trade was placed. Such party, or the clearing member on behalf of the party, shall, within ten business days of receipt of the claim, admit or deny responsibility in whole or in part. The liability for losses for a single incident shall be limited to \$500,000.

To the extent that liability is admitted, payment shall be made within ten business days. If liability is admitted but the total claims exceed \$500,000, the claims shall be reduced pro rata so that the total payment does not exceed \$500,000. To the extent that liability is denied, the claims shall be submitted to arbitration in accordance with Rule 622.

A claim for a loss pursuant to Section C.3.d. must be pursued under the applicable arbitration rules of Chapter 6.

588.E. Trade Cancellation or Offset Procedures

Upon a determination by the GCC that a trade shall be busted or that trade prices shall be adjusted, that decision will be implemented. The busted trade price and any price quotes that have been adjusted will be reflected as cancelled in the Exchange's official record of time and sales. Time and sales will reflect the trades at the adjusted price.

If the trade is not busted, the parties to the transaction cannot reverse the transaction by using a "type 8 transfer" except as provided in Section C.2.bd. and Section F. Additionally, if the trade is not busted, the parties may not reverse the trade by entering into a prearranged offsetting transaction unless ~~the reversal of such transactions are permitted and~~ effected in accordance with Rule 539.C.

588.F. "Type 8 Transfers"

Positions that result from a trade determined by the GCC to be outside the No Bust Range that cannot be busted because the trade was not reported within eight minutes of the execution of the trade occurring may be transferred between the parties using a "type 8 transfer" upon agreement of the parties. The transfer must use the original trade price and quantity. Any party may, but is not required to, include a cash adjustment to another party to the trade. Trades determined by the GCC to be inside the No Bust Range may not be reversed using a "type 8 transfer."

588.G. Arbitration of Disputes Regarding "Type 8 Transfers"

If a party does not agree to transfer a position pursuant to Section F., any other party to the trade may file an arbitration claim against the member or clearing member representing the other side of the trade. Written notice of such claim must be provided to the Exchange within five business days of the execution of the trade occurring. Failure to file the claim within five business days shall be deemed a waiver of all claims. The arbitration claim will be dismissed by the Exchange if the owner of the account on the other side of the trade is not deemed a Member as defined in Rule 400 or a person otherwise subject to the Exchange's jurisdiction. If not dismissed, the arbitration claim will be conducted in accordance with Rule 622.

In deciding the claim, the Arbitration Committee may consider, among other factors, the reasonableness of the actions taken by each party and what action the party on the other side of the error trade took before being notified that the trade was being questioned.

588.H. Voluntary Adjustment of Trade Price

When a trade outside of the No Bust Range is busted in accordance with this rule, the parties to the trade may agree voluntarily to reestablish the trade but to adjust its price and make a cash adjustment provided that all of the following conditions are met:

1. The GCC approves the adjustment.
2. The quantity of the position being reestablished is the same as the quantity of the trade that was busted.
3. In the case of a trade below the actual or implied market price, the adjusted price must be the lowest price that traded at or about the time of the trade without being busted. In the case of a trade above the actual or implied market price, the adjusted price must be the highest price that traded at or about the time of the trade without being busted.
4. The parties to the adjusted trade must report it to the clearing system using a "type 8

transfer" with a "G" transfer code not later than the close of business on the business day after the trade occurred.

588.I. Busting Trades After System Freeze

In the event that the matching engine freezes with live orders in the queue waiting to be matched, such orders may be matched when the system is unfrozen before the GCC can halt the matching engine. The GCC is authorized to bust trades resulting from such matches if the price of such trades is outside of the No Bust Range at the time that a confirmation of the trades was sent.

588.J. Schedule of Administrative Fees

When GCC busts a trade, the party responsible for entering the order into ~~Globex~~ the electronic trading system that gave rise to the trade bust shall pay an administrative fee to the Exchange in accordance with the following schedule. The fee is \$250 for each of the first five occasions in a calendar year where a party's order entry results in a trade bust, \$500 for each of the next three occasions within the same calendar year where a party's order entry results in a trade bust, and \$1,000 for each subsequent occasion within the same calendar year where a party's order entry results in a trade bust.

If a non-member customer responsible for entering an order into ~~Globex~~ that results in a trade bust fails to pay the fee in accordance with this section, the clearing member carrying the customer's account shall be responsible for payment of the fee.

588.K. Globex-No Bust Ranges

<u>Futures Contract</u>	<u>No Bust Range</u>
Eurodollar, E-mini Eurodollar and LIBOR	2.5 basis points or less
<u>U.S. T-Bond</u>	<u>30/32nds</u>
<u>10 Yr. T-Note</u>	<u>30/32nds</u>
<u>5 Yr. T-Note</u>	<u>15/32nds</u>
<u>2 Yr. T-Note</u>	<u>15/32nds</u>
<u>30-Day Fed Funds</u>	<u>5 basis points</u>
<u>Interest Rate Swaps (30 Yr., 10 Yr., and 5 Yr.)</u>	<u>10/32nds</u>
<u>Credit Default Swap Index</u>	<u>1 point</u>
E-mini Eurodollar Bundle	2.5 basis points or less
Euroyen	2.5 basis points or less
T-Bills	5 basis points or less
Swaps	5 basis points or less
CME Lehman Brothers U.S. Aggregate Index	2.00 index points or less
Eurozone HICP Futures	25 basis points or less
Currency Futures (except British pound and Mexican Peso)	20 ticks or less
British Pound Futures and Mexican Peso Futures	30 ticks or less
Spot FX	20 pips or less
S&P 500 and E-mini S&P 500	6.00 index points or less
<u>DJIA (\$5, \$10, \$25)</u>	<u>60 index points</u>
S&P Citigroup Growth	4.00 index points or less
S&P Citigroup Value	4.00 index points or less
S&P Midcap 400 and E-mini S&P Midcap 400	4.00 index points or less
S&P Smallcap 600 and E-mini S&P Smallcap 600	4.00 index points or less
E-Mini S&P Asia 50	12.00 index points or less
E-Mini MSCI EAFE	12.00 index points or less
E-Mini MSCI Emerging Markets	12.00 index points or less
S&P 500 Depository Receipts	0.60 index points or less
Russell 2000 and E-mini Russell 2000	4.00 index points or less
iShares Russell 2000	0.40 index points or less
Nasdaq-100 and E-mini Nasdaq-100	12.00 index points or less
E-mini Nasdaq Composite	12.00 index points or less
E-mini Nasdaq Biotechnology	12.00 index points or less

<u>Futures Contract</u>	<u>No Bust Range</u>
Nasdaq-100 Index Tracking Stock	0.30 index points or less
Nikkei 225 (\$ and ¥)	60.00 index points or less
FTSE / Xinhua China 25	100 index points or less
S&P 500 Technology SPCTR	3.00 index points or less
S&P 500 Financial SPCTR	3.00 index points or less
<u>Kansas City Value Line</u>	<u>40 index points</u>
<u>Real Estate Housing Futures</u>	<u>2.00 index points or less</u>
<u>Dow Jones US Real Estate Index</u>	<u>4 points</u>
TRAKRS Futures	25 cents or less
Goldman Sachs Commodity Index	2.50 index points or less
CME Weather	25.00 index points or less
Weekly Average Temperature Index	1 degree or less
CME Snowfall	50 ticks or 5 inches
Carvill Hurricane Index	0.50 index points or less
Carvill Hurricane Index Seasonal	0.50 index points or less
Carvill Hurricane Index Seasonal Maximum	0.50 index points or less
Credit Index Event Futures	10 basis points or less
<u>Corn & Mini-sized Corn</u>	<u>10 cents per bushel</u>
<u>Wheat & Mini-sized Wheat</u>	<u>10 cents per bushel</u>
<u>Soybeans & Mini-sized Soybeans</u>	<u>10 cents per bushel</u>
<u>Oats</u>	<u>10 cents per bushel</u>
<u>Rough Rice</u>	<u>20 cents per hundredweight</u>
<u>Soybean Meal</u>	<u>\$8.00 per ton</u>
<u>Soybean Oil</u>	<u>.80 cents per pound</u>
<u>South American Soybeans</u>	<u>20 cents per bushel</u>
Lean Hogs	\$0.0050 per pound or less
Live Cattle	\$0.0050 per pound or less
Feeder Cattle	\$0.0050 per pound or less
Pork Bellies	\$0.0050 per pound or less
<u>Dow AIG-ER Commodity Index</u>	<u>4 Points</u>
<u>Milk</u>	<u>\$0.20 per cwt.</u>
<u>Dry Milk</u>	<u>\$0.00750</u>
Butter (Cash-Settled)	\$0.0075 per pound or less
Milk	\$0.20 per cwt. or less
Dry Milk	\$0.00750 or less
Dry Whey	\$0.00750 or less
Softwood Pulp	\$15.00/ per Tonne or less
<u>Ethanol</u>	<u>4 cents per gallon</u>
<u>CBOT 100 oz. Gold and mini-sized Gold</u>	<u>\$4.00 per ounce</u>
<u>CBOT 5,000 oz. Silver and mini-sized Silver</u>	<u>\$0.10 per ounce</u>
<u>Kansas City Hard Red Winter Wheat</u>	<u>10 cents per bushel</u>
<u>Minneapolis Hard Red Spring Wheat</u>	<u>10 cents per bushel</u>
<u>Minneapolis National Corn Index</u>	<u>10 cents per bushel</u>
<u>Minneapolis National Soybean Index</u>	<u>10 cents per bushel</u>
<u>Minneapolis Hard Red Spring Wheat Index</u>	<u>10 cents per bushel</u>
<u>Minneapolis Hard Red Winter Wheat Index</u>	<u>10 cents per bushel</u>
<u>Minneapolis Soft Red Winter Wheat Index</u>	<u>10 cents per bushel</u>
NYMEX Crude Oil and NYMEX miNY Crude Oil	\$0.25 or less
NYMEX Brent	\$0.25 or less
NYMEX REBCO	\$0.25 or less
<u>NYMEX 3-2-1 PLUS</u>	<u>\$0.25</u>

<u>Futures Contract</u>	<u>No Bust Range</u>
NYMEX Heating Oil and NYMEX miNY Heating Oil	\$0.01 or less
NYMEX Gulf Coast ULSD	\$0.01 or less
NYMEX New York ULSD	\$0.01 or less
NYMEX Gulf Coast Gasoline	\$0.01 or less
NYMEX Singapore 380 Fuel Oil	\$2.00 or less
NYMEX RBOB Gasoline and NYMEX miNY RBOB Gasoline	\$0.01 or less
NYMEX Natural Gas and NYMEX miNY Natural Gas	\$0.05 or less
NYMEX Natural Gas (last-day) futures	\$0.05 or less
NYMEX Propane	\$0.01 or less
NYMEX Uranium	\$2.50 or less
NYMEX Ardour Global Index	12.5 index points or less
COMEX Gold and miNY Gold	\$4.00 or less
COMEX Asian Gold	\$0.40 or less
COMEX Silver and miNY Silver	\$0.10 or less
NYMEX Platinum	\$10.00 or less
NYMEX Asian Platinum	\$0.40 or less
NYMEX Palladium	\$5.00 or less
NYMEX Asian Palladium	\$0.40 or less
COMEX Copper and miNY Copper	\$0.02 or less
COMEX London Copper Grade A	\$40.00 or less
COMEX Aluminum	\$0.01 or less
COMEX London Primary Aluminum	\$40.00 or less
COMEX London SHG Zinc	\$40.00 or less
NYMEX Cocoa	\$40.00 or less
NYMEX Coffee	\$0.01 or less
NYMEX Cotton	\$0.008 or less
NYMEX FCOJ	\$0.025 or less
NYMEX Sugar 11	\$0.0035 or less
NYMEX CAT Risk	50.00 index points or less

<u>Futures Combinations</u>	
Eurodollar Combinations & E-mini Eurodollar Bundles	2.5 basis points or less
Non-Eurodollar, Non-Implied Eligible, Intra-Commodity Futures Spreads	5 ticks or less
<u>Implied Eligible Inter- and Intra-Commodity Futures Spreads</u>	<u>Same as the no bust range of the individual legs</u>
Inter-Commodity Futures Spreads	The wider of the no bust ranges of the two individual legs

<u>Options on Futures</u>	<u>No Bust Range</u>
Interest Rate Options	
All Eurodollar Covered Strategies	1 basis point
Prices below or equal to 5 basis points	1 basis point
Prices greater than 5 through 15 basis points	1.5 basis points
Prices greater than 15 through 25 basis points	2 basis points
Prices greater than 25 basis points	2.5 basis points
Interest Rate Options Combinations (Delta greater than 50%)	2.5 basis points
Equity Index Options	
Any premium level	20% of premium (up to 3.00 index points with a minimum of 1 tick) or less

Futures Contract

No Bust Range

Currency Options
Any premium level

20% of premium (up to 10 ticks with a minimum of 1 tick) or less

Commodity Options
Any premium level

20% of premium not to exceed 1/4 the No Bust Range of the underlying futures contract or less

NYMEX Energy Options
Any premium level

20% of premium not to exceed 1/4 the No Bust Range of the underlying futures contract or less

COMEX Metals Options
Any premium level

20% of premium not to exceed 1/4 the No Bust Range of the underlying futures contract or less

<u>Option Contract</u>	<u>Bid/Ask Reasonability</u>	<u>No Bust Range</u>
<u>Eurodollars</u>	2 basis points	2 minimum ticks
<u>U.S. Treasuries (2, 5, 10 and 30Yr)</u>	4/64ths	20% of premium up to 2/64ths with minimum of 1 tick
<u>30-Day Fed Funds</u>	4 basis points	20% of premium up to 2 basis points with a minimum of 1 tick
<u>Binary Fed Funds</u>	10 ticks	20% of premium from nearest endpoint (0 or 100) stated in positive terms
<u>5Yr and 10Yr Swaps</u>	10/64ths	20% of premium up to 5/64ths with a minimum of 1 tick
<u>Equities (excluding DJIA)</u>	2.00 index points	20% of premium up to 1.00 index point with a minimum of 1 tick
<u>DJIA</u>	10 points	20% of premium up to 5 points with a minimum of 1 tick
<u>EX</u>	8 ticks	20% of premium up to 4 ticks with a minimum of 1 tick
<u>Agricultural (excluding Grains, Oil & Meal)</u>	\$0.01	20% of premium up to \$0.005 with a minimum of 1 tick
<u>Grains</u>	\$0.02	20% of premium up to \$0.01 with a minimum of 1 tick
<u>Soybean Oil</u>	\$0.001	20% of premium up to \$0.0005 with a minimum of 1 tick
<u>Soybean Meal</u>	\$1.00	20% of premium up to \$0.50 with a minimum of 1 tick
<u>Ethanol</u>	\$0.05	20% of premium up to \$0.025 with a minimum of 1 tick
<u>CBOT Gold</u>	\$4.00	20% of premium up to \$2.00 with a minimum of 1 tick
<u>CBOT Silver</u>	\$0.10	20% of premium up to \$0.05 with a minimum of 1 tick

<u>Option Contract</u>	<u>Bid/Ask Reasonability</u>	<u>No Bust Range</u>
<u>MGEX Options</u>	<u>\$0.01</u>	<u>20% of premium up to \$0.005 with a minimum of 1 tick</u>
<u>KCBT Options</u>	<u>\$0.01</u>	<u>20% of premium up to \$0.005 with a minimum of 1 tick</u>
<u>NYMEX Crude Oil</u>	<u>\$0.25</u>	<u>20% of premium up to \$0.125 with a minimum of 1 tick</u>
<u>NYMEX Heating Oil</u>	<u>\$0.01</u>	<u>20% of premium up to \$0.005 with a minimum of 1 tick</u>
<u>NYMEX RBOB</u>	<u>\$0.01</u>	<u>20% of premium up to \$0.005 with a minimum of 1 tick</u>
<u>NYMEX Natural Gas</u>	<u>\$0.05</u>	<u>20% of premium up to \$0.025 with a minimum of 1 tick</u>
<u>COMEX Gold</u>	<u>\$4.00</u>	<u>20% of premium up to \$2.00 with a minimum of 1 tick</u>
<u>COMEX Silver</u>	<u>\$0.10</u>	<u>20% of premium up to \$0.05 with a minimum of 1 tick</u>
<u>COMEX Copper</u>	<u>\$0.02</u>	<u>20% of premium up to \$0.01 with a minimum of 1 tick</u>

TRADE CANCELLATIONS AND PRICE ADJUSTMENTS**588.A. Globex Control Center Trade Cancellation Authority**

The following policy shall be applied to balance the adverse effects on market integrity of executing trades and publishing trade information inconsistent with prevailing market conditions while preserving legitimate expectations that executed transactions will not be cancelled. The Exchange's trade cancellation policy authorizes the Globex Control Center ("GCC") to adjust trade prices or cancel (bust) trades when such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of the electronic trading system or by system defects. Notwithstanding any other provisions of this rule, the GCC may adjust trade prices or cancel any trade if the GCC determines that allowing the trade to stand as executed may have a material, adverse effect on the integrity of the market. The decision of the GCC shall be final.

588.B. Review of Trades

The GCC may review a trade based on its analysis of market conditions or a request for review by a user of the electronic trading system. A request for review must be made within eight minutes of the execution of the trade. The GCC shall promptly determine whether the trade will be subject to review, and upon deciding to review a trade, the GCC will promptly issue an alert indicating that the trade is under review.

In the case of illiquid contracts, the GCC may initiate a review up to one hour after the execution of the trade, and has the authority, but not the obligation, to review trades reported more than one hour following execution if it determines that the trade price was egregiously out of line with fair value.

588.C. Trade Price Adjustment and Cancellation Process

The GCC will first determine whether the trade price is within the No Bust Range for futures or within the Bid/Ask Reasonability Allowance for options, as described in Section K. 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 no bust range for the option. During fast market conditions, upon the release of significant news, or in other circumstances in which the GCC determines it is appropriate, the GCC may, without prior notice, temporarily double the published No Bust Range or Bid/Ask Reasonability Allowance.

In applying the No Bust Range, the GCC shall determine the actual or implied market price for that contract immediately before the trade under review. The GCC may consider any relevant information, including, but not limited to, the existing market conditions, the volatility of the market, the prices of related instruments in other markets, the last trade price on the electronic trading system, a better bid or offer price, a more recent price in a different contract month, the price of the same or related contract established in open outcry trading, theoretical value of an option based on the most recent implied volatility, responses to RFQs, and any other factors that the GCC deems relevant.

1. Trade Price Inside the No Bust Range

If the GCC determines that the price of the trade was inside the No Bust Range, the GCC will promptly issue an alert indicating that the trade shall stand.

2. Trade Price Outside the No Bust Range**a. Implied-Eligible Futures Contracts**

If the GCC determines that a trade price is outside the applicable No Bust Range for an implied-eligible contract, the trade price shall be adjusted to a price that equals the actual or implied market price for that contract at the time of the questioned trade, plus or minus the standard or doubled No Bust Range, as applicable. 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 bust rather than price adjust such transactions. The GCC will promptly issue an alert indicating that the prices of the trades outside the No Bust Range have been adjusted to the No Bust Range limit or have been busted.

b. All Other Futures Contracts

If the GCC determines that the trade price is outside the No Bust Range for a non-implied-eligible futures contract, the GCC shall bust the trade. The GCC will promptly issue an alert indicating that trades outside the No Bust Range have been busted.

c. **Option Contracts**

If the GCC determines that a trade price is outside the applicable No Bust Range for an option contract, the trade price shall be adjusted. In the case of a buy error, the price will be adjusted to the determined ask price plus the applicable no bust parameter. In the case of a sell error, the price will be adjusted to the determined bid price minus the applicable no bust parameter. 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 bust rather than price adjust such transactions. The GCC will promptly issue an alert indicating that the prices of the trades outside the No Bust Range have been adjusted to the No Bust Range limit or have been busted.

d. Notwithstanding the above, trades consummated pursuant to Rule 585 that are determined by the GCC to be outside the No Bust Range will stand, and a reciprocal trade negating the original trade will be consummated by means of a "type 8 transfer."

3. **Liability for Losses Resulting from a Price Adjustment or Trade Bust**

A party responsible for entering an order that results in a trade price adjustment shall not be liable for losses incurred by persons whose trade prices were adjusted, except as provided in 3.a., 3.b. and 3.c. below.

a. **Implied Eligible Contracts – Price Adjusted Stop Orders**

A party responsible for an order(s) that results in a trade price adjustment shall be liable for actual losses incurred by persons whose stop orders were elected as a result of the order(s). The compensable loss on each futures contract executed as part of a stop order shall be the difference between the adjusted price, as determined by the GCC, and the price in the market at the time the person knew or should have known that his stop order was erroneously elected.

b. **Implied Eligible Contracts – Price Adjusted Spread Trades**

A party responsible for an order that results in a trade price adjustment shall not be liable to persons whose spread orders were executed and adjusted unless the adjusted execution price of the spread is less favorable than the market equilibrium price for the relevant spread. The liability of the party responsible for an order that results in a price adjustment shall be limited to the difference between the adjusted price and the equilibrium market price, but shall not exceed the relevant No Bust Range.

c. **Option Contracts – Price Adjusted Trades**

A party responsible for an order that results in a trade price adjustment shall not be liable to persons whose option orders were executed and adjusted unless the adjusted execution price of the option is less favorable than the market equilibrium price for the relevant option. The liability of the party responsible for an order that results in a price adjustment shall be limited to the difference between the adjusted price and the market equilibrium price, but shall not exceed the relevant No Bust Range.

d. **Busted Trades**

A party responsible for an order that results in a trade bust may be liable for the reasonable out-of-pocket losses incurred by persons whose trades were busted or persons whose stop orders were elected and not busted. Issues of liability in such cases will be determined based upon all relevant facts and circumstances, including the conduct of the respective parties.

588.D. Claim Process

A claim for a loss pursuant to Sections C.3.a., b. and c. must be submitted to the Exchange, on an Exchange claim form, within five business days of the event giving rise to the claim. The Exchange shall reject any claim that is not permitted by Sections C.3.a., b. or c. and such decision shall be final. All claims, which are not rejected by the Exchange, shall be forwarded to the party responsible for the order(s) that resulted in a trade bust or a price adjustment and to the clearing member through which the trade was placed. Such party, or the clearing member on behalf of the party, shall, within ten business days of receipt of the claim, admit or deny responsibility in whole or in part. The liability for losses for a single incident shall be limited to \$500,000.

To the extent that liability is admitted, payment shall be made within ten business days. If

liability is admitted but the total claims exceed \$500,000, the claims shall be reduced pro rata so that the total payment does not exceed \$500,000. To the extent that liability is denied, the claims shall be submitted to arbitration in accordance with Rule 622.

A claim for a loss pursuant to Section C.3.d. must be pursued under the applicable arbitration rules of Chapter 6.

588.E. Trade Cancellation or Offset Procedures

Upon a determination by the GCC that a trade shall be busted or that trade prices shall be adjusted, that decision will be implemented. The busted trade price and any price quotes that have been adjusted will be reflected as cancelled in the Exchange's official record of time and sales. Time and sales will reflect the trades at the adjusted price.

If the trade is not busted, the parties to the transaction cannot reverse the transaction by using a "type 8 transfer" except as provided in Section C.2.d. and Section F. Additionally, if the trade is not busted, the parties may not reverse the trade by entering into a prearranged offsetting transaction unless such transactions are permitted and effected in accordance with Rule 539.C.

588.F. "Type 8 Transfers"

Positions that result from a trade determined by the GCC to be outside the No Bust Range that cannot be busted because the trade was not reported within eight minutes of the execution of the trade may be transferred between the parties using a "type 8 transfer" upon agreement of the parties. The transfer must use the original trade price and quantity. Any party may, but is not required to, include a cash adjustment to another party to the trade. Trades determined by the GCC to be inside the No Bust Range may not be reversed using a "type 8 transfer."

588.G. Arbitration of Disputes Regarding "Type 8 Transfers"

If a party does not agree to transfer a position pursuant to Section F., any other party to the trade may file an arbitration claim against the member or clearing member representing the other side of the trade. Written notice of such claim must be provided to the Exchange within five business days of the execution of the trade. Failure to file the claim within five business days shall be deemed a waiver of all claims. The arbitration claim will be dismissed by the Exchange if the owner of the account on the other side of the trade is not deemed a Member as defined in Rule 400 or a person otherwise subject to the Exchange's jurisdiction. If not dismissed, the arbitration claim will be conducted in accordance with Rule 622.

In deciding the claim, the Arbitration Committee may consider, among other factors, the reasonableness of the actions taken by each party and what action the party on the other side of the error trade took before being notified that the trade was being questioned.

588.H. Voluntary Adjustment of Trade Price

When a trade outside of the No Bust Range is busted in accordance with this rule, the parties to the trade may agree voluntarily to reestablish the trade but to adjust its price and make a cash adjustment provided that all of the following conditions are met:

1. The GCC approves the adjustment.
2. The quantity of the position being reestablished is the same as the quantity of the trade that was busted.
3. In the case of a trade below the actual or implied market price, the adjusted price must be the lowest price that traded at or about the time of the trade without being busted. In the case of a trade above the actual or implied market price, the adjusted price must be the highest price that traded at or about the time of the trade without being busted.
4. The parties to the adjusted trade must report it to the clearing system using a "type 8 transfer" with a "G" transfer code not later than the close of business on the business day after the trade occurred.

588.I. Busting Trades After System Freeze

In the event that the matching engine freezes with live orders in the queue waiting to be matched, such orders may be matched when the system is unfrozen before the GCC can halt the matching engine. The GCC is authorized to bust trades resulting from such matches if the price of such trades is outside of the No Bust Range at the time that a confirmation of the trades was sent.

588.J. Schedule of Administrative Fees

When GCC busts a trade, the party responsible for entering the order into the electronic trading system that gave rise to the trade bust shall pay an administrative fee to the Exchange

in accordance with the following schedule. The fee is \$250 for each of the first five occasions in a calendar year where a party's order entry results in a trade bust, \$500 for each of the next three occasions within the same calendar year where a party's order entry results in a trade bust, and \$1,000 for each subsequent occasion within the same calendar year where a party's order entry results in a trade bust.

If a non-member customer responsible for entering an order that results in a trade bust fails to pay the fee in accordance with this section, the clearing member carrying the customer's account shall be responsible for payment of the fee.

588.K. No Bust Ranges

<u>Futures Contract</u>	<u>No Bust Range</u>
Eurodollar, E-mini Eurodollar and LIBOR	2.5 basis points
U.S. T-Bond	30/32nds
10 Yr. T-Note	30/32nds
5 Yr. T-Note	15/32nds
2 Yr. T-Note	15/32nds
30-Day Fed Funds	5 basis points
Interest Rate Swaps (30 Yr., 10 Yr., and 5 Yr.)	10/32nds
Credit Default Swap Index	1 point
E-mini Eurodollar Bundle	2.5 basis points
Euroyen	2.5 basis points
T-Bills	5 basis points
Swaps	5 basis points
CME Lehman Brothers U.S. Aggregate Index	2.00 index points
Eurozone HICP Futures	25 basis points
Currency Futures (except British pound and Mexican Peso)	20 ticks
British Pound Futures and Mexican Peso Futures	30 ticks
Spot FX	20 pips
S&P 500 and E-mini S&P 500	6.00 index points
DJIA (\$5, \$10, \$25)	60 index points
S&P Citigroup Growth	4.00 index points
S&P Citigroup Value	4.00 index points
S&P Midcap 400 and E-mini S&P Midcap 400	4.00 index points
S&P Smallcap 600 and E-mini S&P Smallcap 600	4.00 index points
E-Mini S&P Asia 50	12.00 index points
E-Mini MSCI EAFE	12.00 index points
E-Mini MSCI Emerging Markets	12.00 index points
S&P 500 Depository Receipts	0.60 index points
Russell 2000 and E-mini Russell 2000	4.00 index points
iShares Russell 2000	0.40 index points
Nasdaq-100 and E-mini Nasdaq-100	12.00 index points
E-mini Nasdaq Composite	12.00 index points
E-mini Nasdaq Biotechnology	12.00 index points
Nasdaq-100 Index Tracking Stock	0.30 index points
Nikkei 225 (\$ and ¥)	60.00 index points
FTSE / Xinhua China 25	100 index points
S&P 500 Technology SPCTR	3.00 index points
S&P 500 Financial SPCTR	3.00 index points
Kansas City Value Line	40 index points
Housing Futures	2.00 index points
Dow Jones US Real Estate Index	4 points
TRAKRS Futures	25 cents
Goldman Sachs Commodity Index	2.50 index points

Futures ContractNo Bust Range

CME Weather	25.00 index points
Weekly Average Temperature Index	1 degree
CME Snowfall	50 ticks or 5 inches
Carvill Hurricane Index	0.50 index points
Carvill Hurricane Index Seasonal	0.50 index points
Carvill Hurricane Index Seasonal Maximum	0.50 index points
Credit Index Event Futures	10 basis points
Corn & Mini-sized Corn	10 cents per bushel
Wheat & Mini-sized Wheat	10 cents per bushel
Soybeans & Mini-sized Soybeans	10 cents per bushel
Oats	10 cents per bushel
Rough Rice	20 cents per hundredweight
Soybean Meal	\$8.00 per ton
Soybean Oil	.80 cents per pound
South American Soybeans	20 cents per bushel
Lean Hogs	\$0.0050 per pound
Live Cattle	\$0.0050 per pound
Feeder Cattle	\$0.0050 per pound
Pork Bellies	\$0.0050 per pound
Dow AIG-ER Commodity Index	4 Points
Milk	\$0.20 per cwt.
Dry Milk	\$0.00750
Butter (Cash-Settled)	\$0.0075 per pound
Dry Whey	\$0.00750
Softwood Pulp	\$15.00 per ton
Ethanol	4 cents per gallon
CBOT 100 oz. Gold and mini-sized Gold	\$4.00 per ounce
CBOT 5,000 oz. Silver and mini-sized Silver	\$0.10 per ounce
Kansas City Hard Red Winter Wheat	10 cents per bushel
Minneapolis Hard Red Spring Wheat	10 cents per bushel
Minneapolis National Corn Index	10 cents per bushel
Minneapolis National Soybean Index	10 cents per bushel
Minneapolis Hard Red Spring Wheat Index	10 cents per bushel
Minneapolis Hard Red Winter Wheat Index	10 cents per bushel
Minneapolis Soft Red Winter Wheat Index	10 cents per bushel
NYMEX Crude Oil and NYMEX miNY Crude Oil	\$0.25
NYMEX Brent	\$0.25
NYMEX REBCO	\$0.25
NYMEX 3-2-1 PLUS	\$0.25
NYMEX Heating Oil and NYMEX miNY Heating Oil	\$0.01
NYMEX Gulf Coast ULSD	\$0.01
NYMEX New York ULSD	\$0.01
NYMEX Gulf Coast Gasoline	\$0.01
NYMEX Singapore 380 Fuel Oil	\$2.00
NYMEX RBOB Gasoline and NYMEX miNY RBOB Gasoline	\$0.01
NYMEX Natural Gas and NYMEX miNY Natural Gas	\$0.05
NYMEX Natural Gas (last-day) futures	\$0.05
NYMEX Propane	\$0.01
NYMEX Uranium	\$2.50
NYMEX Ardour Global Index	12.5 Index points

Futures Contract**No Bust Range**

COMEX Gold and miNY Gold	\$4.00
COMEX Asian Gold	\$0.40
COMEX Silver and miNY Silver	\$0.10
NYMEX Platinum	\$10.00
NYMEX Asian Platinum	\$0.40
NYMEX Palladium	\$5.00
NYMEX Asian Palladium	\$0.40
COMEX Copper and miNY Copper	\$0.02
COMEX London Copper Grade A	\$40.00
COMEX Aluminum	\$0.01
COMEX London Primary Aluminum	\$40.00
COMEX London SHG Zinc	\$40.00
NYMEX Cocoa	\$40.00
NYMEX Coffee	\$0.01
NYMEX Cotton	\$0.008
NYMEX Sugar 11	\$0.0035
NYMEX CAT Risk	50.00 index points

Futures Combinations

Eurodollar Combinations & E-mini Eurodollar Bundles	2.5 basis points
Non-Eurodollar, Non-Implied Eligible, Intra-Commodity Futures Spreads	5 ticks
Implied Eligible Inter- and Intra-Commodity Futures Spreads	Same as the no bust range of the individual legs
Inter-Commodity Futures Spreads	The wider of the no bust ranges of the two individual legs

<u>Option Contract</u>	<u>Bid/Ask Reasonability</u>	<u>No Bust Range</u>
Eurodollars	2 basis points	2 minimum ticks
U.S. Treasuries (2, 5, 10 and 30Yr)	4/64ths	20% of premium up to 2/64ths with minimum of 1 tick
30-Day Fed Funds	4 basis points	20% of premium up to 2 basis points with a minimum of 1 tick
Binary Fed Funds	10 ticks	20% of premium from nearest endpoint (0 or 100) stated in positive terms
5Yr and 10Yr Swaps	10/64ths	20% of premium up to 5/64ths with a minimum of 1 tick
Equities (excluding DJIA)	2.00 Index points	20% of premium up to 1.00 Index point with a minimum of 1 tick
DJIA	10 points	20% of premium up to 5 points with a minimum of 1 tick
FX	8 ticks	20% of premium up to 4 ticks with a minimum of 1 tick
Agricultural (excluding Grains, Oil & Meat)	\$0.01	20% of premium up to \$0.005 with a minimum of 1 tick
Grains	\$0.02	20% of premium up to \$0.01 with a minimum of 1 tick
Soybean Oil	\$0.001	20% of premium up to \$0.0005 with a minimum of 1 tick
Soybean Meal	\$1.00	20% of premium up to \$0.50 with a

		minimum of 1 tick
Ethanol	\$0.05	20% of premium up to \$0.025 with a minimum of 1 tick
CBOT Gold	\$4.00	20% of premium up to \$2.00 with a minimum of 1 tick
CBOT Silver	\$0.10	20% of premium up to \$0.05 with a minimum of 1 tick
MGEX Options	\$0.01	20% of premium up to \$0.005 with a minimum of 1 tick
KCBT Options	\$0.01	20% of premium up to \$0.005 with a minimum of 1 tick
NYMEX Crude Oil	\$0.25	20% of premium up to \$0.125 with a minimum of 1 tick
NYMEX Heating Oil	\$0.01	20% of premium up to \$0.005 with a minimum of 1 tick
NYMEX RBOB	\$0.01	20% of premium up to \$0.005 with a minimum of 1 tick
NYMEX Natural Gas	\$0.05	20% of premium up to \$0.025 with a minimum of 1 tick
COMEX Gold	\$4.00	20% of premium up to \$2.00 with a minimum of 1 tick
COMEX Silver	\$0.10	20% of premium up to \$0.05 with a minimum of 1 tick
COMEX Copper	\$0.02	20% of premium up to \$0.01 with a minimum of 1 tick

622.**CLAIMS RELATING TO TRADE CANCELLATIONS OR PRICE ADJUSTMENTS****622.A. General**

All claims relating to certain price adjustments or trade busts pursuant to Rule 588.C.3.a., b. and bc. shall be arbitrated in accordance with the specific requirements of this Rule 622 and, to the extent not inconsistent with such requirements, the rules of this Chapter. All claims pursuant to Rule 588.C.3.d. shall be arbitrated in accordance with the rules of this Chapter.

622.B. Initiation of Claim

Any claim for loss under Rule 588.C.3.a., b. or bc. must first be submitted to the Exchange as described in Rule 588.D. Following a denial of liability by a party responsible for a trade bust or price adjustment and by the clearing firm through which the trade was placed as described in Rule 588.D., the dispute shall be referred to arbitration. The Exchange shall administer the arbitration and provide notice to all parties.

The party alleged to have made the trade that caused the trade bust or price adjustment and the clearing firm through which that trade was placed both may be respondents in such arbitration. Any party responsible for a trade bust or price adjustment who is not otherwise subject to arbitration under these rules may voluntarily submit to such arbitration by filing a submission agreement with the Exchange within 21 days of that party's receipt of notice of the referral to arbitration. In the absence of the voluntary submission to arbitration by such party, the arbitration shall proceed solely against the clearing firm through which the trade was placed, and that firm shall be liable for any damages awarded by the panel.

622.C. Selection of Arbitration Panel

All claims under Rule 588.C.3.a., b. and cb. shall be heard by a Mixed Panel as defined in Rule 601.A.3.

622.D. Related Claims

All claims arbitrable under this rule that arise out of a trade bust or price adjustment that was caused by the same incident shall, to the extent practicable in the determination of the chairman, be consolidated in a single arbitration.

622.E. Award

Within 30 days of completion of the hearing, the panel shall issue a written decision signed by a majority of the arbitrators.

The total award for a single incident shall not exceed \$500,000. Except as provided below, the claims shall be limited to out-of-pocket losses. If the claimants' allowable losses exceed \$500,000, the amount awarded to each claimant shall be reduced pro rata so that the total award does not exceed \$500,000. Any award shall be made jointly and severally against the respondents. In the event the panel finds the respondent(s) liable for the full amount of the claim (or the capped amount of \$500,000), the panel shall also award the claimants their costs and attorneys fees incurred in connection with arbitrating the claim. Punitive damages, loss of profits, loss of use, and indirect, incidental or consequential damages shall not be awarded. The decision of a majority of the panel shall be final and may not be appealed.

A party may move, within three business days of the award, for an order correcting or modifying the award to remedy any miscalculation or misdescription or where the award is otherwise imperfect in a matter of form not affecting the merits of the award.

622.

CLAIMS RELATING TO TRADE CANCELLATIONS OR PRICE ADJUSTMENTS

622.A. General

All claims relating to certain price adjustments or trade busts pursuant to Rule 588.C.3.a., b. and c. shall be arbitrated in accordance with the specific requirements of this Rule 622 and, to the extent not inconsistent with such requirements, the rules of this Chapter. All claims pursuant to Rule 588.C.3.d. shall be arbitrated in accordance with the rules of this Chapter.

622.B. Initiation of Claim

Any claim for loss under Rule 588.C.3.a., b. or c. must first be submitted to the Exchange as described in Rule 588.D. Following a denial of liability by a party responsible for a trade bust or price adjustment and by the clearing firm through which the trade was placed as described in Rule 588.D., the dispute shall be referred to arbitration. The Exchange shall administer the arbitration and provide notice to all parties.

The party alleged to have made the trade that caused the trade bust or price adjustment and the clearing firm through which that trade was placed both may be respondents in such arbitration. Any party responsible for a trade bust or price adjustment who is not otherwise subject to arbitration under these rules may voluntarily submit to such arbitration by filing a submission agreement with the Exchange within 21 days of that party's receipt of notice of the referral to arbitration. In the absence of the voluntary submission to arbitration by such party, the arbitration shall proceed solely against the clearing firm through which the trade was placed, and that firm shall be liable for any damages awarded by the panel.

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All claims under Rule 588.C.3.a., b. and c. shall be heard by a Mixed Panel as defined in Rule 601.A.3.

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All claims arbitrable under this rule that arise out of a trade bust or price adjustment that was caused by the same incident shall, to the extent practicable in the determination of the chairman, be consolidated in a single arbitration.

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The total award for a single incident shall not exceed \$500,000. Except as provided below, the claims shall be limited to out-of-pocket losses. If the claimants' allowable losses exceed \$500,000, the amount awarded to each claimant shall be reduced pro rata so that the total award does not exceed \$500,000. Any award shall be made jointly and severally against the respondents. In the event the panel finds the respondent(s) liable for the full amount of the claim (or the capped amount of \$500,000), the panel shall also award the claimants their costs and attorneys fees incurred in connection with arbitrating the claim. Punitive damages, loss of profits, loss of use, and indirect, incidental or consequential damages shall not be awarded. The decision of a majority of the panel shall be final and may not be appealed.

A party may move, within three business days of the award, for an order correcting or modifying the award to remedy any miscalculation or misdescription or where the award is otherwise imperfect in a matter of form not affecting the merits of the award.

5B.21.**TRADE CANCELLATIONS AND PRICE ADJUSTMENTS ERROR-TRADE POLICY**

In order to balance the adverse effects on market integrity of executing trades and publishing trade information inconsistent with prevailing market conditions while preserving legitimate expectations that executed transactions will not be cancelled, the Globex Control Center ("GCC") may adjust trade prices or cancel (bust) trades in accordance with the procedures detailed in Rule 588 when such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of the electronic trading systems employed by the Exchange or by system defects. ensure fair and orderly market conditions, the Exchange, or designated staff, may cancel a transaction in accordance with the Error Trade Policy detailed in the Interpretations section at the end of this Chapter.

~~e-cbot~~ **ERROR TRADE POLICY**

~~The CBOT's error trade policy is designed to preserve the integrity of CBOT product markets by striking an appropriate balance between trade certainty and erroneous price discovery. The policy provides a mechanism to promptly address transactions that are executed at obviously erroneous prices substantially inconsistent with the last trade price of the contract or alternative determination of the contract's fair value. This policy does not relieve market participants from potential financial responsibility or liability for the execution of trades that are deemed or asserted to be an "error trade" if their actions caused financial loss to other parties.~~

~~1. Invoking the Error Trade Policy~~

~~If an e-cbot user believes that he executed a trade through e-cbot at a price that was in error, he must contact e-cbot Market Operations ("Market Operations") at (312) 347-4600 without delay. If Market Operations is not notified within five minutes of the execution time of the asserted error trade, the trade will stand. A third party or Market Operations may also call a trade into question within five minutes of the execution. Trades called into question within five minutes will be evaluated in accordance with sections 2 and 3 of this policy. However, Market Operations has the authority, but not the obligation, to consider trades reported after the five minute deadline provided the trade price in question is grossly out of line (i.e. multiple points) with the last trade price or alternatively determined fair value of the respective contract.~~

~~Trades resulting from quantity errors generally will not be called into question.~~

~~2. Trade Price Within the "No Bust" or "No Adjust" Range"~~

~~If a futures transaction is asserted to be at a price that is in error, the trade shall not be considered for review by Market Operations unless the price of the asserted error trade is greater than the designated number of ticks (as outlined in the "Tick Breakdown per CBOT Product" chart set forth below) from the reference price. The reference price will be the last trade price preceding the entry of the asserted error trade or an alternatively determined fair value for the contract. Fair value for futures contracts may be determined by the last trade price, preceding settlement price, spread relationships and/or other variables deemed relevant by Market Operations. However, during side-by-side hours the reference price on a downside (upside) move will never be higher (lower) than the low (high) of the pit traded price for an equivalent contract during the time period that the prices of the contracts were disjointed. During non-side-by-side hours, the reference price will never be higher (lower) than the low (high) of an equivalently traded contract.~~

~~If Market Operations contacts a member user regarding a suspicious order and the user states that the order is entered correctly, the order (if subsequently executed) may only be called into question by a third party.~~

~~Trades that are executed outside of the daily price limits will be busted by Market Operations irrespective of whether the trade(s) falls within the "no bust range" established above.~~

~~3. Trade Price Outside of the "No Bust" or "No Adjust" Range~~

~~If the price of the asserted error trade is more than the specified number of ticks from the reference price, Market Operations will send a broadcast message to the user community indicating that the trade has been called into question. If the asserted error trade is outside of the specified tick range and involves only two parties, Market Operations will attempt to contact the parties to the transaction. If both parties agree to bust or re-price the transaction, Market Operations shall send a broadcast message to the user community and an alert to the quote vendor network indicating that the trade was busted or re-priced.~~

~~If there is more than one contra party to the order asserted to have been executed in error, Market Operations will gauge the erroneous transactions against the error trade range to determine the final status of the trades.~~

~~4. Market Operations Authority to Halt Markets~~

~~Market Operations shall have the authority to halt markets in any contract during extraordinary circumstances where there has been a major market movement without any apparent economic or fundamental basis for movement to have occurred.~~

~~5. Decisions of Market Operations~~

~~A. Market Operations will review the circumstances surrounding an asserted error trade to determine whether it should be deemed an error trade and whether it should be busted or repriced. If the trade is repriced to a level that is below a sell limit price or above a buy limit price, the customer cannot reject the trade. Similarly, if the trade is repriced to a level that is higher/lower than the trigger price of the sell/buy stop order, the customer cannot reject the trade. The trade will be cleared at the repriced level and allocated to the customer's account. Parties to these transactions are permitted to make cash adjustments to settle losses that occur as a result of an asserted error trade or an actual error trade. Should parties to a disputed transaction be unable to mutually resolve financial disputes arising from such transactions, arbitration facilities are available through the Exchange. The Arbitration Committee may hold the party who entered the order that resulted in an asserted error trade or an actual error trade financially responsible for losses that occur as a result of the busted or repriced trade(s).~~

~~Trade certainty and the timely resolution of asserted error trades are critical objectives of this policy. Therefore, if parties to a disputed transaction do not agree to the terms of resolution, Market Operations reserves the final authority to determine the disposition of the questioned transaction.~~

~~During side-by-side trading hours, Market Operations shall, unless impracticable, make its determination within 10 minutes of the broadcast message regarding the asserted error trade. During non-side-by-side trading hours, Market Operations shall, unless impracticable, make its determination within 15 minutes of the broadcast message regarding the asserted error trade. The decisions of Market Operations shall be final, and Market Operations shall send a broadcast message and an alert to the quote vendor network indicating whether the trade was busted, re-priced or allowed to stand.~~

~~B. In making its determination, Market Operations may consider relevant factors including, but not limited to: market conditions immediately before and after the transaction; the prices of related contracts; whether one or more parties to the trade believe the trade was executed at a valid price; the extent to which the transaction appeared to trigger contingency orders and other trades; information related to the Market Operations by third parties.~~

~~**6. Procedures for Correcting Error Trades**~~

~~In the event a trade is busted or repriced, the parties to the transaction must reverse the transaction through applicable clearing house procedures. Market Operations will notify the Market Regulation Department regarding any situation where a party fails to claim or misclear trades in a timely manner. Such failure may be deemed an act detrimental to the interest or welfare of the Exchange.~~

~~Under no circumstances shall the parties to an asserted error trade be permitted to reverse the error by entering into a prearranged transaction.~~

~~If the asserted error trade is determined not to be an actual error trade, the parties to the trade are permitted to mutually agree upon a cash adjustment or to arbitrate the matter. Any cash adjustment must be reported to Market Operations.~~

~~**7. Spreads**~~

~~Because of the autoleg feature of the e-cbot system, spreads may be executed such that one leg of the spread is determined to be an error trade and the other leg is deemed to have been executed at a good price. In such circumstances, the party who enters an outright order that causes an error trade on an autolegged spread will be deemed to be the counterparty to the good leg of the spread (see the "Example of Autoleg Error" set forth below). The parties to the transactions will reverse and claim the transactions as indicated through the applicable clearing house procedures.~~

~~**8. Determination of Option Error Trades**~~

~~If an option trade is asserted to be at a price that is in error, the trade shall not be considered for review by Market Operations unless the price of the asserted error trade conforms to the following guidelines:~~

~~Market Operations will identify potential error trades by one of two means:~~

~~1. Notification by market participants within five minutes of the execution time of the asserted error trade.~~

~~2. Determination that the price of an option or option strategy is greater than the designated number of ticks (as outlined in Table 1) from fair value.~~

~~Table 1:~~

Products	Error Alert Range
U.S. Treasury	3 ticks
30 Day Fed Funds	6 ticks
CBOT Dow & mini-sized Dow	10 ticks
Commodity	6 ticks

Determining Average Bid and Offer

~~Market Operations will calculate a bid price or an offer price in order to determine whether the potential error trade should be considered an error. If the trade is determined to be an error trade, Market Operations will also use the bid or offer price to determine the price adjustment of the error trade.~~

~~Market Operations will determine the bid or the offer of an option or an option strategy by using as many as four procedures:~~

- ~~1. Market Operations will observe the bid and the offer prices prior to the potential error occurring.~~
- ~~2. Market Operations will submit RFQs using delta neutral strategies with futures at the same level prior to the execution of the potential error.~~
- ~~3. Market Operations will attempt to contact at least three market makers that were not involved in the potential error trade in order to determine their bids and offers prior to the potential error occurring.~~
- ~~4. During regular trading hours (which are defined as the hours of open auction), Market Operations may also obtain bid and offer prices from the open auction platform using delta neutral strategies with futures at the same level prior to the execution of the potential error.~~

~~Market Operations will determine the average bid or offer price based upon the size of the error trade and the market depth. The average price will be calculated by:~~

- ~~1. Determining the true average (weighted average) bid or offer price.~~
- ~~2. Rounding the true average to the nearest tick value, up for buy orders and down for sell orders.~~

~~If the depth of the market in response to the first RFQ is less than the size of the order, Market Operations will submit a second RFQ for the size of the error trade. Market Operations will calculate the average bid or offer price based upon the size of the error trade. If the depth of the response to the second RFQ is less than the size of the trade, Market Operations will calculate an average bid or offer based upon the depth of the market.~~

Identifying an Option Error Trade

~~Market Operations will consider an option trade an error if it determines that:~~

- ~~1. The trade has been executed at a price at least two ticks below the determined bid price in the case of a sell error, or~~
- ~~2. The trade has been executed at a price at least two ticks above the determined offer price in the case of a buy error.~~

Determining an Adjustment for Option Error Trades

~~All option error trades will be resolved by price adjustment and may not be resolved by busting the disputed transactions. The adjusted price of an option error trade will be a price one tick less than the determined bid price in the case of a sell error or one tick greater than the determined offer price in the case of a buy error.~~

~~9. Determination of Error Trades in the Metals Futures Complex~~

~~Market Operations will identify potential error trades by one of two means:~~

~~1. Notification by market participants within five minutes of the execution time of the asserted error trade.~~

~~2. Determination that the price of the futures trade is greater than the designated number of ticks ("No Adjust Range") from the reference price as outlined in the "Tick Breakdown per CBOT Product" chart set forth below.~~

~~Determining Reference Price in the Metals Futures Complex~~

~~For sell/buy errors in the Metals Complex, Market Operations will identify the low/high for the equivalent contract for the time period that the markets were disjointed and use that value as the reference price. If the trade is determined to be an error trade, Market Operations will also use the reference price to determine the price adjustment of the error trade.~~

~~Identifying an Error Trade in the Metals Futures Complex~~

~~Market Operations may determine that a metals futures trade is an error if the trade has been executed at a price more than \$4 away from the relevant reference price for the Gold Complex and more than 8¢ away from the relevant reference price for the Silver Complex.~~

~~Determining an Adjustment for Error Trades in the Metals Futures Complex~~

~~All error trades in the Metals futures complex will be resolved by adjusting the price of the error trade in accordance with the following:~~

~~Gold: \$4 less than the determined reference price in the case of a sell error or \$4 greater than the determined reference price in the case of a buy error.~~

~~Silver: 8¢ less than the determined reference price in the case of a sell error or 8¢ greater than the determined reference price in the case of a buy error.~~

~~No trades shall be busted.~~

~~10. Determination of Error Trades in Agricultural Futures Complex~~

~~Market Operations will identify potential error trades in agricultural futures by one of two means:~~

~~1. Notification by market participants within five minutes of the execution time of the asserted error trade.~~

~~2. Determination that the price of the futures trade is greater than the designated number of ticks ("No Adjust Range") from the reference price as outlined in the "Tick Breakdown per CBOT Product" chart set forth below.~~

~~**Determining Reference Prices in the Agricultural Futures Complex**~~

~~During side-by-side hours, the reference price on a downside (upside) move will never be higher (lower) than the low (high) of the pit traded price for an equivalent contract during the time period that the prices of the contracts were disjointed. If the trade is determined to be an error trade, Market Operations will also use the reference price to determine the price adjustment of the error trade.~~

~~During non side-by-side hours, the reference price will be the last trade price preceding the entry of the asserted error trade or an alternatively determined fair value for the contract. Fair value for futures contracts may be determined by the last trade price, preceding settlement price, spread relationships and/or other variables deemed relevant by Market Operations.~~

~~**Identifying an Error Trade in the Agricultural Futures Complex**~~

~~Market Operations will identify error trades by determining that the price of the futures trade is greater than the designated number of ticks ("No Adjust Range") from the reference price as outlined in the "Tick Breakdown per CBOT Product" chart set forth below.~~

~~**Determining an Adjustment for Agricultural Futures Complex Error Trades**~~

~~All error trades in the agricultural futures complex will be resolved by adjusting the price of the error trade based on the reference price and the "Price Adjustment Level" set forth in the "Tick Breakdown per CBOT Product" chart set forth below.~~

~~No trades shall be busted.~~

~~**11. Arbitration Procedures**~~

~~For CBOT arbitrations involving actual error trades or asserted error trades, a notice of intention to arbitrate must be filed within ten business days after the date of the error trade. The party who caused the error may be held responsible for realized losses incurred by parties as a result of the error.~~

~~**12. Error Trade Fees**~~

~~The party responsible for the error must pay a \$1,000 fee for each of the first two error trades, \$3,000 for the 3rd error trade, and \$5,000 for each subsequent error trade within a calendar year. (08/01/06)~~

TICK BREAKDOWN PER CBOT PRODUCT

Product	Symbol	Minimum Tick Increment	"No-Bust Range"	Tick Increment of "No Bust Range"	Dynamic Price Limits	Daily Price Limit
U.S. T-Bond	ZB	1/32	3-points	96-ticks	30/32nds	N/A
U.S. T-Bond Options	OZB	1/64	N/A	N/A	20/64ths	N/A
10-Yr. T-Note	ZN	(1/2)/32	3-points	192-ticks	15/32nds	N/A
10-Yr. T-Note Options	OZN	1/64	N/A	N/A	20/64ths	N/A
5-Yr. T-Note	ZF	(1/2)/32	3-points	192-ticks	15/32nds	N/A
5-Yr. T-Note Options	OZF	1/64	N/A	N/A	20/64ths	N/A
2-Yr. T-Note	ZT	(1/4)/32	3-points	384-ticks	7.5/32nds	N/A
2-Yr. T-Note Options	OZT	(1/2)/64	N/A	N/A	10/64ths	N/A
30-Day Fed Funds	ZQ	1/2-Basis Point	10-Points	20-ticks	10-points	N/A
30-Day Fed Funds Options	OZQ	1/4-Basis Point	N/A	N/A	5-points	N/A
Binary Fed Funds Options	BUS	1-point	N/A	N/A	N/A	N/A
30-Yr. Interest Rate Swaps	QS	(1/2)-1/32	10/32nds	20-ticks	10/32nds	N/A
10-Yr. Interest Rate Swaps	SR	(1/2)-1/32	10/32nds	20-ticks	10/32nds	N/A
10-Yr. Interest Rate Swaps Options	OSR	1/64	N/A	N/A	20/64ths	N/A
5-Yr. Interest Rate Swaps	SA	(1/2)/32	10/32nds	20-ticks	10/32nds	N/A
5-Yr. Interest Rate Swaps Options	OSA	1/64	N/A	N/A	20/64ths	N/A
Credit-Default Swap-Index	CX	0.01-Points	1-Point	100-ticks	1-Point	N/A
Dow-AIG-ER Commodity Index	ER	0.1-Points	4-Points	40-ticks	4-points	N/A
DJIA (\$10)	ZD	1-Point	250-Points	250-Points	40-points	±0%, 20%-and 30% Circuit Breakers
DJIA Options	OZD	1/2-Point	N/A	N/A	20-points	±0%, 20%-and 30%

						Circuit Breakers
mini-sized-Dow (\$5)	YM	± Point	250 Points	250 Points	40-points	±0%, 20% and 30% Circuit Breakers
mini-sized-Dow Options	MYM	± Point	N/A	N/A	40-points	±0%, 20% and 30% Circuit Breakers
DJIA (\$25)	DD	± Point	250 Points	250 Points	40-points	±0%, 20% and 30% Circuit Breakers
Dow Jones-US Real Estate Index	RE	0.1 point	4 points	40-ticks	4-points	±0%, 20% and 30% Circuit Breakers
mini-sized Eurodollar	YE	½ basis point	5-points	±0-ticks	5-points	N/A
100-oz. Gold Options	OZG	±0-cents	N/A	N/A	\$2.00	N/A
5,000-oz. Silver Options	OZI	1/10-cent	N/A	N/A	4-cents	N/A

Product	Symbol	Minimum Tick Increment	"No Adjust Range"	Tick Increment of "No Adjust Range"	Price Adjustment Level	Dynamic Price-Limits (Overnight & 8:30 a.m. - 9:45 a.m.)	Dynamic Price Limits (Post 9:45 a.m.)	Dynamic Price Limits (spreads)	Daily Price Limit
100-oz. Gold	ZG	±0-cents	\$4.00	40-ticks	Reference price plus/minus 40-ticks	\$4.00	N/A	\$4.00	N/A
mini-sized Gold	YG	±0-cents	\$4.00	40-ticks	Reference price plus/minus 40-ticks	\$4.00	N/A	\$4.00	N/A
5,000-oz. Silver	ZI	1/10-cent	8-cents	80-ticks	Reference price plus/minus	8-cents	N/A	8-cents	N/A

mini-sized Silver	YI	1/10-cent	8-cents	80-ticks	80-ticks Reference price plus/minus 80-ticks	8-cents	N/A	8-cents	N/A
Ethanol	ZE	1/10-cent	8-cents	80-ticks	Reference price plus/minus 40-ticks	16-cents	12-cents	6-cents	30 cents
Ethanol Options	OZE	1/10-cent	N/A	N/A	1-tick below bid/1-tick above offer	20-cents	20-cents	20-cents	30 cents
Corn	ZC	1/4-cent	10-cents	40-ticks	Reference price plus/minus 20-ticks	10-cents	5-cents	2-1/2-cents	20 cents
Corn Options	OZC	1/8-cent	N/A	N/A	1-tick below bid/1-tick above offer	2-1/2-cents	2-1/2-cents	2-1/2-cents	20 cents
mini-sized Corn	XC	1/8-cent	10-cents	80-ticks	Reference price plus/minus 80-ticks	10-cents	N/A	2-1/2-cents	20 cents
Wheat	ZW	1/4-cent	10-cents	40-ticks	Reference price plus/minus 20-ticks	10-cents	5-cents	2-1/2-cents	30 cents
Wheat Options	OZW	1/8-cent	N/A	N/A	1-tick below bid/1-tick above offer	2-1/2-cents	2-1/2-cents	2-1/2-cents	30 cents
mini-sized Wheat	XW	1/8-cent	10-cents	80-ticks	Reference price plus/minus 80-ticks	10-cents	N/A	2-1/2-cents	30 cents
Oat	ZO	1/4-cent	10-cents	40-ticks	Reference price plus/minus 40-ticks	10-cents	10-cents	10-cents	20 cents
Oat Options	OZO	1/8-cent	N/A	N/A	1-tick below bid/1-tick above offer	2-1/2-cents	2-1/2-cents	2-1/2-cents	20 cents

Product	Symb of	Minimum Tick Increme	"No Adjust Range	Tick Increme of "No	Price Adjustme nt Level	Dynamic Price Limits	Dynami e-Price Limits	Dynamic Price Limits	Dail y Price
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		nt	"	Adjust Range"		(Overnight & 8:30 a.m. - 9:45 a.m.)	(Post 9:45 a.m.)	(spread s)	e Limit
Rough Rice	ZR	½ cent	20 cents	40-ticks	Reference price plus/minus 40-ticks	20-cents	20-cents	20-cents	50 cent s
Rough Rice Options	OZR	¼ cent	N/A	N/A	1-tick below bid/1 tick-above offer	5-cents	5-cents	5-cents	50 cent s
South America n Soybean s	ZK	¼ cent	20 cents	80-ticks	Reference price plus/minus 40-ticks	20-cents	10-cents	5-cents	50 cent s
Soybean s	ZS	¼ cent	10 cents	40-ticks	Reference price plus/minus 20-ticks	20-cents	10-cents	5-cents	50 cent s
Soybean Options	OZS	1/8-cent	N/A	N/A	1-tick below bid/1 tick-above offer	5-cents	5-cents	5-cents	50 cent s
mini- sized Soybean s	XB	1/8-cent	10 cents	80-ticks	Reference price plus/minus 80-ticks	10-cents	N/A	5-cents	50 cent s
Soybean Meat	ZM	10-cents	\$8.00	80-ticks	Reference price plus/minus 40-ticks	\$8.00	\$4.00	\$2.00	\$20
Soybean Meat Options	OZM	5-cents	N/A	N/A	1-tick below bid/1 tick-above offer	\$2.00	\$2.00	\$2.00	\$20
Soybean Oil	ZL	1/100 cents	.80 cents	80-ticks	Reference price plus/minus 40-ticks	.80-cents	.40 cents	.20-cents	2 cent s
Soybean Oil Options	OZL	5/1000 cents	N/A	N/A	1-tick below bid/1 tick-above offer	.20-cents	.20 cents	.20-cents	2 cent s

-Market Operations reserves the right to modify the dynamic price limits during periods of high volatility. Market Operations will send a system message whenever dynamic price limits are modified. (06/25/97)

EXAMPLE OF AUTOLEG ERROR

Trader "A" has a spread order in the book to buy June Bonds and sell September Bonds. (Please note that when you enter a spread order into the system, it assigns prices to the individual legs and the order is included in the outright order books.)

Trader "B" has an order to sell June Bonds.

Trader "C" makes an error by entering a bid in the September contract (he intended to bid June). Trader C's bid for September matches against Trader A's sell September portion of the spread, which triggers Trader A's buy June portion of the spread to match against Trader B's sell June order.

The September trade between Trader C and Trader A is determined to be an error trade. The June trade between A and B is executed at an economically justifiable price.

The September leg is determined to be an error trade and is busted. Trader C is then required to claim the June leg executed for Trader A.

Summary

<i>June Bonds</i>		<i>Sep Bonds</i>	
Buy	Sell	Buy	Sell
A	B	C	A

Trader C is cause of error

Trader A vs. B = good price

Trader A vs. C = bad price

Trader A vs. C leg is determined to be an error trade and is busted

Trader A vs. B leg is reversed and Trader C is required to claim the trade so that Trader B is not harmed. (11/01/03)