



Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

February 7, 2013

**VIA E-MAIL**

Ms. Melissa Jurgens  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, DC 20581

**RE: Regulation § 40.6(a) Self-Certification: Revisions to CBOT Submission No. 13-029 (Rule Changes to Convert CBOT Cleared-Only Ethanol Forward Month Swaps to Futures)  
CBOT Submission 13-029R**

Dear Ms. Jurgens:

The Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange"), pursuant to Commodity Futures Trading Commission ("Commission") Regulation 40.6(a), hereby self-certifies modifications to CBOT Rule Chapter 16D (Denatured Fuel Ethanol Forward Month Swap Options (Clearing Only)) and block trade thresholds for the newly listed Denatured Fuel Ethanol Forward Month Futures contract ("Ethanol Forward Futures"). The modifications will be effective at 5 p.m. CT on Sunday, February 24, 2013, for trading date February 25, 2013.

Revised Submission 13-029R is issued to remove certain information pursuant to self-certifying the Ethanol Forward Futures as a new product under Commission Regulation 40.2(a), as advised by the CFTC. Submission 13-029R modifies the Exchange's cover letter and removes Appendix A (Rule Changes to CBOT Rule Chapter 16C), Appendix B (Position Accountability and Reportable Level Table), and Appendix C (Estimated Deliverable Supply) to CBOT Submission No. 13-029. This removed information will be included in a new product listing filed under CFTC Rule 40.2(a). A blackline of CBOT Submission 13-029 is attached hereto as Appendix C, with additions underlined and deletions overstruck. The remaining self-certified changes in this Submission No. 13-029R are pending approval under Commission Rule 40.6(a).

**A. Block Trading**

The Exchange plans to allow block trading in the Ethanol Forward Futures with a minimum threshold of ten (10) contracts. Allowing ethanol producers to enter strips of Ethanol Forward Futures at a single price will preserve their ability to hedge efficiently by establishing through one transaction a larger position consistent with their cash market exposure.

The marketplace was informed of the establishment of a block trade minimum threshold of ten (10) contracts effective with the conversion on February 25, 2013 via the issuance of CME & CBOT Market Regulation Advisory Notice RA1302-3 ("RA1302-3") on February 8, 2013. A copy of RA1302-3 is included as Appendix B.

**B. Modifications to Rule Chapter 16D**

CBOT currently lists cash-settled Options on Denatured Fuel Ethanol Forward Month Calendar Swaps ("Ethanol Forward Option"). This is a cleared-only option with a settlement price that references the settlement price of the Denatured Fuel Ethanol Forward Month Swap contract ("Ethanol Forward Swap"). The financial terms and conditions of the Ethanol Forward Futures will be identical to those of the Ethanol Forward Swap. The Ethanol Forward Swap will be delisted concurrent to listing of the Ethanol Forward Futures contract. Upon delisting of the swap and listing of the futures contract, the Ethanol Forward Option's settlement price will reference the settlement price of the Ethanol Forward Futures. The Ethanol Forward Option product chapter (CBOT Rule 16D) is being revised to reflect the Ethanol Forward Futures contract as the reference contract for settlement. The remaining terms and conditions of the Ethanol Forward Option, including reportable levels and position accountability, are unchanged. These updates are contained in Appendix A.

CBOT business staff and the CBOT legal department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA"). During the review, CBOT staff identified that the proposed conversion may impact the following Core Principles:

- Execution of Transactions: Block trades will be submitted for clearing through CME's ClearPort system or CME's Front End Clearing (FEC) trade processing module. Core Principle 9 permits a DCM to authorize certain transactions executed away from the DCM's centralized marketplace, including block transactions. The addition of block minimum thresholds in Ethanol Forward Futures is intended to ensure that there remains a viable means for market participants to continue transacting in products in accordance with their commercial hedging needs. Additionally, these block transactions are subject to an Exchange-set reporting requirement so the marketplace will have pricing information on these transactions.
- Availability of General Information: The Exchange is modifying references within the Ethanol Forward Options rule chapter to accurately reflect the name of its referencing contract.

The Exchange is not aware of any substantive opposing views to the proposed modifications. Pursuant to Section 5c(c) of the CEA and CFTC Regulation 40.2, the Exchange hereby certifies that these modifications comply with the CEA and applicable CFTC Regulations thereunder.

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>.

If you require any additional information regarding this action, please contact me at (212) 299-2200 or [Christopher.Bowen@cmegroup.com](mailto:Christopher.Bowen@cmegroup.com), and reference CBOT Submission 13-029R in any related correspondence.

Sincerely,

/s/ Christopher K. Bowen  
Managing Director and Chief Regulatory Counsel

Attachments:    Appendix A:    Amendments to CBOT Rule Chapter 16D  
                         Appendix B:    CME & CBOT Market Regulatory Advisory Notice RA1302-3  
                         Appendix C:    Blackline Revisions to CBOT Submission No. 13-029

## **Appendix A Amendments to CBOT Rule Chapter 16D**

### **Chapter 16D Cash-Settled [~~Options on~~] Denatured Fuel Ethanol Forward Month [~~Calendar~~] Swap[s] Options (Clearing only)**

#### **16D00. SCOPE OF CHAPTER**

This chapter is limited in application to transactions in cash-settled put and call options on Denatured Fuel Ethanol Forward Month [~~Swaps~~] Futures, where the parties to the transaction are “eligible contract participants” as defined in Section 1a(18) of the Commodity Exchange Act. In addition to the rules of this chapter, transactions in cash-settled [~~options on~~] Denatured Fuel Ethanol Forward Month Swap[s] Options shall be subject to the general rules of the Exchange insofar as applicable. The clearing and settlement of transactions in cash-settled put and call [~~options on~~] Denatured Fuel Ethanol Forward Month Swap[s] Options shall also be subject to the provisions of Chapter 8-F of the CME Rulebook.

#### **16D01. OPTIONS CHARACTERISTICS**

##### **16D01.A. Contract Months Available for Clearing Entry**

Option contracts may be submitted for clearing entry on the nearby cash-settled Denatured Fuel Ethanol Forward Month [~~Swaps~~] Futures contract month and any succeeding months, provided however, that the Exchange may determine not to list a contract month.

##### **16D01.B. Clearing Unit**

One 14,500 gallon Denatured Fuel Ethanol Forward Month [~~Swaps~~] Future of a specified contract month on the Chicago Board of Trade.

##### **16D01.C. Minimum Fluctuations**

The premium for cash-settled Denatured Fuel Ethanol Forward Month Swap[s] options shall be in multiples of \$0.0001 per gallon which shall equal \$1.45 per contract.

However, a position may be initiated or liquidated in cash-settled [~~options on~~] Denatured Fuel Ethanol Forward Month Swap[s] Options at a premium ranging from \$0.10 to \$1.40, in \$0.10 increments per option contract.

##### **16D01.D. Hours for Clearing Entry**

The hours for clearing entry of cash-settled [~~options on~~] Denatured Fuel Ethanol Forward Month Swap Options contracts shall be determined by the Exchange. On the last day that clearing entry is available for an expiring option, the closing time for such clearing entry shall be 1:15 p.m. Chicago time.

##### **16D01.E. Exercise Prices**

Clearing shall be conducted for put and call options with striking prices (the “strikes”) in integral multiples of five (5) cents per gallon per Denatured Fuel Ethanol futures contract (i.e., 1.900, 1.950, 2.000, 2.050, 2.100 etc.) as follows:

1.
  - a. In integral multiples of five cents, at the commencement of trading for an option contract, the following strikes shall be listed: one with a strike closest to the previous day's settlement price of the underlying Denatured Fuel Ethanol Forward Month [~~Swaps~~] **Futures** contract, the next ten consecutive higher and the next ten consecutive lower strikes (the "initial band"). If the previous day's settlement price is midway between two strikes, the closest price shall be the larger of the two.
  - b. In integral multiples of five cents, over time, strikes shall be added as necessary to ensure that all strikes within \$0.50 of the previous day's trading range of the underlying Ethanol Forward Month [~~Swap~~] **Futures** contract are listed (the "minimum band").
  - c. No new strikes may be added by these procedures in the month in which an option expires.
2. All strikes will be available for clearing entry prior to the opening of the hours for clearing entry of the underlying CBOT Denatured Fuel Ethanol Forward Month [~~Swap~~] **Futures** contract on the following business day.

The Exchange may modify the procedures for the introduction of strikes as it deems appropriate in order to respond to market conditions.

**16D01.F. Position Limits, Exemptions, Position Accountability and Reportable Levels**

[Position accountability, as defined in Rule 560, will apply to trading in Cash-Settled Options on Denatured Fuel Ethanol Forward Month Calendar Swaps.]

**The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.**

**A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.**

**Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.**

**16D01.G. Reserved**

**16D01.H. Nature of Cash-Settled [~~Options on~~] Denatured Fuel Ethanol Forward Month Swap[s] Options**

On expiration of a put option the buyer of one cash-settled Denatured Fuel Ethanol Forward Month Swap put option will be entitled to receive the value of that put option. The value of a cash-settled Denatured Fuel Ethanol Forward Month Swap put option at expiration will be defined as the difference between the strike price of the put option and the settlement price of the underlying CBOT Denatured Ethanol Forward Month [~~Swap~~] **Futures** contract multiplied by 14,500 gallons, or zero, whichever is greater. The seller of one cash-settled Denatured Fuel Ethanol Forward Month Swap[s] put option incurs the obligation to pay the value of that put option.

On expiration of a call option the buyer of one cash-settled Denatured Fuel Ethanol Forward Month Swap call option will be entitled to receive the value of that call option. The value of a cash-settled Denatured Fuel Ethanol Forward Month Swap call option at expiration will be defined as the difference between the settlement price of the underlying CBOT Denatured Fuel Ethanol Forward Month ~~[Swaps]~~ **Futures** contract and the strike price multiplied by 14,500 gallons, or zero, whichever is greater. The seller of one cash-settled Denatured Fuel Ethanol Forward Month Swap[s] call option incurs the obligation to pay the value of that call option.

**16D01.I. Last Day of Clearing**

The last day of clearing for cash-settled ~~[options or]~~ Denatured Fuel Ethanol Forward Month Swap[s] **Options** shall be the last trading day of the underlying Denatured Fuel Ethanol Forward Month ~~[Swap]~~ **Futures** contract.

**16D01.J. Reserved**

**16D02. EXERCISE OF OPTION**

Cash-settled Denatured Fuel Ethanol Forward Month Swap options will be cash settled on expiration day. For the avoidance of doubt, cash-settled Denatured Fuel Ethanol Forward Month Swap options cannot be exercised at any time during the life of the option.

**16D03. [RESERVED]**

**16D04. [RESERVED]**

**16D05. [RESERVED]**

**16D06. PAYMENT OF OPTION PREMIUM**

The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his futures commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased.

**Appendix B**  
**CME & CBOT Market Regulation Advisory Notice RA1302-3**

**MARKET REGULATION ADVISORY NOTICE**

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<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>February 8, 2013</b>
<b>Advisory Number</b>	<b>CME &amp; CBOT RA1302-3</b>
<b>Effective Date</b>	<b>February 25, 2013</b>

This Advisory Notice supersedes CME & CBOT Market Regulation Advisory Notice RA1301-3 from January 11, 2013. It is being issued to notify the marketplace that pending all relevant regulatory review periods, effective Sunday, February 24, 2013, for trade date Monday, February 25, 2013, Denatured Fuel Ethanol Forward Month futures will be eligible to be executed as block trades subject to the requirements of Rule 526 ("Block Trades") at a minimum threshold of ten (10) contracts.

CME and CBOT products in which block trading is permitted appear in Section 12, and the text of CME and CBOT Rule 526 appears in Section 14 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; block trades transacted in such manner do not satisfy the privately negotiated standard. 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 Select Sector futures and DJUSRE futures are also subject to the requirements set forth in CME Rule 36906.A. ("BTIC Block Trade Requirements") or CBOT Rule 30107.A. ("BTIC Block Trade Requirements"), as applicable. 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.

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 (“Basis Trade at Index Close (“BTIC”) Transactions”) or CBOT Rule 30207 (“Basis Trade at Index Close (“BTIC”) Transactions”), 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, OTR Treasury Yield, 5-, 7-, 10- and 30-Year Interest Rate Swap and GSCI 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, OTR Treasury Yield and 5-, 7-, 10- and 30-Year Interest Rate Swap Futures

***Intra-commodity calendar spread block trades are prohibited in CBOT U.S. Treasury futures, OTR Treasury Yield and 5-, 7-, 10- and 30-Year Interest Rate Swap 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) GSCI Futures

In GSCI futures and GSCI Excess Return Index futures the block trade minimum is 300 contracts for each leg of the spread or combination. For example, the minimum quantity for a GSCI calendar spread would require 300 contracts in each leg of the spread for a total of 600 contracts while a GSCI futures butterfly would require a minimum volume of 1,200 contracts.

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, OTR Treasury Yield, 5-, 7-, 10- and 30-Year Interest Rate Swap and 10-Year Sovereign Yield Spread Futures

In U.S. Treasury, OTR Treasury Yield, 5-, 7-, 10- and 30-Year Interest Rate Swap 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) USD IRS Futures

Inter-commodity futures spreads or combinations composed only of USD IRS futures (e.g., 2-Year USD IRS v. 10-Year USD IRS) 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 USD IRS futures and 10-Year USD IRS futures 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 USD IRS futures (e.g., 10-Year Treasury Notes v. 10-Year USD IRS) 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 USD IRS futures 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 USD IRS leg is at least 1,000 contracts.



iv) 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 **Excluding** USD 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 USD 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, and USD IRS Block Trades

Block trades in Weather, Housing and USD 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 USD 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) may be price reported to the GCC. The seller or broker reports the trade by calling the GCC at **312.456.2391**. 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 reported directly to CME Clearing via CME ClearPort. 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 Angie DiCarlo, Senior Director, Client Development & Sales, at 312.930.4515 or via email at [Angie.DiCarlo@cmegroup.com](mailto:Angie.DiCarlo@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 (unless the block trade is electronically reported); and
- Execution time (in Central Time) of the trade (i.e. the time at which the trade was consummated).

## 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 current PCS deadline 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 Select Sector futures and BTIC Transactions in DJUSRE 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 for Select Sector futures and CBOT Chapter 30 for DJUSRE futures).

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 a Select Sector futures BTIC block trade will be based on the current day's Select Sector cash index close price, or the current day's Select Sector cash index close price adjusted by any valid price increment (the "Basis") higher or lower than the Select Sector cash index close price. The Basis must be stated in full tick increments as set forth in CME Rule 36901 ("Commodity Specifications").

The futures price assigned to a DJUSRE 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 ("Trading Specifications").

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. Disclosure of Nonpublic Information Regarding Block Trades Prohibited**

Parties involved in the solicitation or negotiation of a block trade may not disclose the details of those communications or any non-public information regarding a consummated block trade to third parties. Further, no party solicited to participate in a block trade or otherwise involved in the negotiation of a block trade may trade on the basis of non-public information obtained through the solicitation or negotiation of the block trade prior to the public report of the block trade, except that the counterparties to a consummated block trade shall not be precluded from trading following the consummation of the block trade prior to the block trade being publicly reported.

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.

#### **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

CME Products	Futures	Options	Flex Options
Eurodollars (RTH)	4,000 contracts - or 1,000 contracts provided that a minimum of 1,000 contracts are transacted in yrs 6-10	10,000 contracts	Not Available
Eurodollars (ETH)	2,000 contracts – or 500 contracts provided that a minimum of 500 contracts are transacted in yrs 6-10	5,000 contracts	Not Available
Eurodollars (ATH)	1,000 contracts – or 250 contracts provided that a minimum of 250 contracts are transacted in yrs 6-10	2,500 contracts	Not Available
Eurodollar E-mini futures (RTH)	40,000 contracts	Not available	Not available
Eurodollar E-mini futures (ETH)	20,000 contracts	Not available	Not available
Eurodollar E-mini futures (ATH)	10,000 contracts	Not available	Not available
3-Month Overnight Index Swaps (OIS)(RTH)	2,000 contracts	Not available	Not available
3-Month Overnight Index Swaps (OIS)(ETH)	1,000 contracts	Not available	Not available
3-Month Overnight Index Swaps (OIS)(ATH)	500 contracts	Not available	Not available
3-Month OIS/Eurodollar spread (RTH)	4,000 contracts (all legs combined)	Not available	Not available
3-Month OIS/Eurodollar spread (ETH)	2,000 contracts (all legs combined)	Not available	Not available
3-Month OIS/Eurodollar spread (ATH)	1,000 contracts (all legs combined)	Not available	Not available
T-Bills (RTH)	100 contracts	Not available	Not available
T-Bills (ETH)	50 contracts	Not available	Not available
T-Bills (ATH)	25 contracts	Not available	Not available
Euroyen (RTH)	200 contracts	200 contracts	Not available
Euroyen (ETH)	100 contracts	100 contracts	Not available
Euroyen (ATH)	50 contracts	50 contracts	Not available
CME Products	Futures	Options	Flex Options
One-Month Eurodollar (RTH)	400 contracts	400 contracts	Not available
One-Month Eurodollar (ETH)	200 contracts	200 contracts	Not available
One-Month Eurodollar (ATH)	100 contracts	100 contracts	Not available
10-Year Sovereign Yield Spread	250 contracts	Not available	Not available
Three-Month Euribor	2,000 contracts (nearest 20 March quarterly cycle delivery months and non-March quarterly cycle delivery months)  500 contracts (farthest 20 March	Not available	Not available

	quarterly cycle delivery months)		
Barclays Capital U.S. Aggregate Bond Index	50 contracts	Not available	Not available
Eurozone Harmonized Index of Consumer Prices (HICP)	50 contracts	Not available	Not available
S&P 500*	Not available	250 contracts	250 contracts
NASDAQ-100*	200 contracts - outright only	100 contracts	100 contracts
S&P SmallCap 600, E-mini S&P SmallCap 600, E-mini NASDAQ Composite Index, E-mini S&P Select Sector Stock Index	50 contracts	Not available	Not available
E-mini Yen Denominated Nikkei Stock Average Index	250 contracts	Not available	Not available
E-mini S&P CNX Nifty Index	50 contracts	Not available	Not available
E-micro S&P CNX Nifty Index	250 contracts	Not available	Not available
S&P MidCap 400*, S&P 500/Citigroup Growth, S&P 500/Citigroup Value, Nikkei 225	50 contracts	250 contracts	250 contracts
Custom Stock Index/S&P Wise US	50 contracts	Not Available	Not available
Goldman Sachs Commodity Index (GSCI), GSCI Excess Return Index	50 contracts for outright – 300 contracts for each leg of a spread transaction	Not available	Not available
EUR/USD 1-Month and 3-Month Realized Volatility	50 contracts	Not available	Not available
EUR/USD*, JPY/USD*	150 contracts	250 contracts	Not available
AUD/USD*, CAD/USD*, CHF/USD*, GBP/USD*, MXN/USD	100 contracts	250 contracts	Not available
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, USD/TRY, EUR/TRY	50 contracts	250 contracts	Not available
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)	50 contracts	Not available	Not available
Dow Jones CME FX\$INDEX	50 contracts	Not available	Not available
Weather	20 contracts	20 contracts	Not available
Housing	20 contracts	20 contracts	Not available
<b>CME Products</b>	<b>Futures</b>	<b>Options</b>	<b>Flex Options</b>
U.S. Dollar Cash Settled Crude Palm Oil	10 contracts	Not available	Not available
Cheese	20 contracts	Not available	Not available

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

<b>CBOT Products</b>	<b>Futures</b>	<b>Options</b>	<b>Flex Options</b>
2-Year Treasury Notes (RTH)	5,000 contracts**	2,000 contracts	Same as Non-Flex Options
2-Year Treasury Notes (ETH)	2,500 contracts**	1,000 contracts	Same as Non-Flex Options

2-Year Treasury Notes (ATH)	1,250 contracts**	500 contracts	Same as Non-Flex Options
3-Year Treasury Notes (RTH)	5,000 contracts**	Not available	Not available
3-Year Treasury Notes (ETH)	2,500 contracts**	Not available	Not available
3-Year Treasury Notes (ATH)	1,250 contracts**	Not available	Not available
5- and 10-Year Treasury Notes (RTH)	5,000 contracts**	7,500 contracts	Same as Non-Flex Options
5- and 10-Year Treasury Notes (ETH)	2,500 contracts**	3,750 contracts	Same as Non-Flex Options
5- and 10-Year Treasury Notes (ATH)	1,250 contracts**	1,875 contracts	Same as Non-Flex Options
U.S. Treasury Bonds (RTH)	3,000 contracts**	7,500 contracts	Same as Non-Flex Options
U.S. Treasury Bonds (ETH)	1,500 contracts**	3,750 contracts	Same as Non-Flex Options
U.S. Treasury Bonds (ATH)	750 contracts**	1,875 contracts	Same as Non-Flex Options
Long-Term (Ultra) Treasury Bonds (RTH)	2,000 contracts**	Not available	Not available
Long-Term (Ultra) Treasury Bonds (ETH)	1,500 contracts**	Not available	Not available
Long-Term (Ultra) Treasury Bonds (ATH)	750 contracts**	Not available	Not available
2-, 5- and 10-Year OTR Treasury Yield (RTH)	2,000 contracts**	Not available	Not available
2-, 5- and 10-Year OTR Treasury Yield (ETH)	1,000 contracts**	Not available	Not available
2-, 5- and 10-Year OTR Treasury Yield (ATH)	500 contracts**	Not available	Not available
30-Day Fed Funds (RTH)	2,000 contracts	1,500 contracts	Same as Non-Flex Options
30-Day Fed Funds (ETH)	1,000 contracts	750 contracts	Same as Non-Flex Options
30-Day Fed Funds (ATH)	500 contracts	375 contracts	Same as Non-Flex Options
5-, 7-, 10- and 30-Year Interest Rate Swaps (RTH)	2,000 contracts	500 contracts	Not available
5-, 7-, 10- and 30-Year Interest Rate Swaps (ETH)	1,000 contracts	500 contracts	Not available
5-, 7-, 10- and 30-Year Interest Rate Swaps (ATH)	500 contracts	500 contracts	Not available
<b>CBOT Products</b>	<b>Futures</b>	<b>Options</b>	<b>Flex Options</b>
2-Year USD IRS	3,000 contracts	Not available	Not available
5-Year USD IRS	1,500 contracts	Not available	Not available
10-Year USD IRS	1,000 contracts	Not available	Not available
30-Year USD IRS	500 contracts	Not available	Not available
Dow Jones-UBS Commodity Index Excess Return	300 contracts	Not available	Not available
Dow Jones U.S. Real Estate Index	50 contracts	Not available	Not available
Ethanol	10 contracts	10 contracts	Not available
Denatured Ethanol Forward Month	10 contracts	Not available	Not available
Distillers' Dried Grain	10 contracts	Not available	Not available
Black Sea Wheat	10 contracts	Not available	Not available

\*\* Block trading of intra-commodity Treasury, OTR Treasury Yield and 5-, 7-, 10- and 30-Year Interest Rate Swap futures calendar spreads is prohibited.

### 13. Contact Information

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

Market Regulation:	Colin Garvey, Investigations	312.435.3656
	Robert Sniegowski, Rules & Regulatory Outreach	312.341.5991
	Erin Schwartz, Rules & Regulatory Outreach	312.341.3083
CME Clearing:	CME Clearing Support	312.207.2525

For media inquiries concerning this Advisory Notice, please contact CME Group Corporate Communications at 312.930.3434 or [news@cmegroup.com](mailto:news@cmegroup.com).

### 14. 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 and options 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.

## Appendix C



Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

February 7, 2013

### VIA E-MAIL

Ms. Melissa Jurgens  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, DC 20581

**RE: Regulation § 40.6(a) Self-Certification: Rule Changes to  
Convert CBOT Cleared-Only Ethanol Forward Month Swaps  
to Futures  
CBOT Submission 13-029**

Dear Ms. Jurgens:

The Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange"), pursuant to Commodity Futures Trading Commission ("Commission") Regulation 40.6(a), hereby self-certifies modifications to CBOT Rule Chapter 16D (Denatured Fuel Ethanol Forward Month Swap Options (Clearing Only)) and block trade thresholds for the newly listed Denatured Fuel Ethanol Forward Month Futures contract ("Ethanol Forward Futures"). The modifications will be effective at 5 p.m. CT on Sunday, February 24, 2013, for trading date February 25, 2013. ~~the conversion of the cleared-only CBOT Denatured Fuel Ethanol Forward Month Swap contract ("Ethanol Forward Swap") to a futures contract that will be listed on the CME Globex electronic central limit order book (the "Ethanol Forward Futures"). The proposed conversion and conforming amendments will be in effect at 5 p.m. CT on Sunday, February 24, 2013, for trading date February 25, 2013.~~

Revised Submission 13-029R is issued to remove certain information pursuant to self-certifying the Ethanol Forward Futures as a new product under Commission Regulation 40.2(a), as advised by the CFTC. Submission 13-029R modifies the Exchange's cover letter and removes Appendix A (Rule Changes to CBOT Rule Chapter 16C), Appendix B (Position Accountability and Reportable Level Table), and Appendix C (Estimated Deliverable Supply) to CBOT Submission No. 13-029. This removed information will be included in a new product listing filed under CFTC Rule 40.2(a). A blackline of CBOT Submission 13-029 is attached hereto as Appendix C, with additions underlined and deletions overstruck. The remaining self-certified changes in this Submission No. 13-029R are pending approval under Commission Rule 40.6(a).

### ~~**B. Overview**~~

~~The Ethanol Forward Swap, launched on December 4, 2006, has proven a valuable hedging tool for the ethanol industry. Ethanol producers, who continually produce ethanol, like the~~

~~average price exposure offered by the Ethanol Forward Swap. Through January 29, calendar year 2013 average daily volume was 278 contracts compared with calendar year 2012 average daily volume of 1,407 contracts. The Exchange believes that the survival of this product is tied to conversion to futures.~~

### ~~C. Margin Treatment and Open Interest~~

~~Although the Ethanol Forward Swap is currently cleared as a swap product, the Exchange petitioned for, and ultimately received, a Commission order to commingle customer funds associated with this product with customer funds from futures trades pursuant to Section 4d of the Commodity Exchange Act (“CEA”).<sup>4</sup> Since funds are already held in 4d futures accounts, converting the Ethanol Forward Swap to a futures contract requires no movement of customer monies and no transfer of open interest.~~

### ~~D. Changes to Ethanol Forward Swap Rules~~

~~The Exchange plans to offer Ethanol Forward Futures on substantially identical terms and conditions as the Ethanol Forward Swaps, with the exception that terms and conditions imposed by law or regulation upon the respective product classes (i.e., swaps or futures) will be removed or implemented as necessary. Settlements will continue to be tied to the corresponding CBOT Denatured Fuel Ethanol Futures contract (“Ethanol Futures”) and final settlement will be the average of the Ethanol Futures contract’s settlement prices on each trading day during the final month of trade. The contract terms will be updated to change the contract name from “Denatured Fuel Ethanol Forward Month Swaps (Clearing Only)” to “Denatured Fuel Ethanol Forward Month Futures.” References to clearing will be modified to reference trading, where applicable, and eligibility rules restricting trade to eligible contract participants will be removed. Amendments to the contract terms and conditions are included in Appendix A. In addition, the converted Ethanol Forward Futures will be listed for trade on the CME Globex electronic central limit order book.~~

### ~~E.B. Block Trading~~

~~Since many ethanol producers use the Ethanol Forward Swap to hedge an average price over multiple months (i.e., they clear a strip of Ethanol Forward Swaps at a single price), <sup>t</sup>The Exchange plans to allow block trading in the Ethanol Forward Futures with a minimum threshold of ten (10) contracts. Allowing ethanol producers to enter strips of Ethanol Forward Futures at a single price will preserve their ability to hedge efficiently by establishing through one transaction a larger position consistent with their cash market exposure. While the Exchange hopes the converted contract will again reach liquidity levels enjoyed during 2012, it does not appear likely at present that sufficient liquidity will exist to allow commercial firms the ability to establish significant positions, particularly across contract months, without a substantial price concession if entered into on the centralized market.~~

The marketplace ~~will be~~<sup>was</sup> informed of the establishment of a block trade minimum threshold of ten (10) contracts effective with the conversion on February 25, 2013 via the issuance of CME & CBOT Market Regulation Advisory Notice RA1302-3 (“RA1302-3”) on February 8, 2013. A copy of RA1302-3 is included as ~~Exhibit E~~ [Appendix B](#).

### ~~F. Speculative Position Limits~~

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<sup>4</sup> 7 U.S.C. § 6d.

~~The Ethanol Forward Swap is an OTC product not currently subject to position limits. Pursuant to converting the Ethanol Forward Swap to a futures contract, the Exchange will impose position limits consistent with the requirements of Commission Regulation 150.5, and further aggregate positions in the Ethanol Forward Futures, the referencing Ethanol Futures contract, and options on Ethanol Futures for single and all-month position limits. Because Ethanol Futures contain spot-month position limits on the final two days that the converted Ethanol Forward Futures will trade, the Exchange plans to implement aggregate spot-month limits for Ethanol Forward Futures, consistent with Ethanol Futures spot-month limits, on the contract's final two trading days. Additionally, because of the averaging nature of Ethanol Forward Futures, Diminishing Balances shall apply to these contracts.<sup>2</sup>~~

~~For aggregated single and all-month speculative position limits, average month-end open interest was calculated for both Ethanol Futures and Ethanol Forward Swaps (in Ethanol Futures contract equivalents). The average month-end open interest in 2012 calculated in this manner was 28,355 contracts. Using the formula at Commission Regulation 150.5 (c) that takes ten percent (10%) of the first 25,000 of average month-end open interest and adding two and one-half percent (2.5%) of the remaining open interest results in a maximum possible single and all-month speculative position limit of 2,584 contracts in Ethanol Futures and Ethanol Forward Futures. The Exchange is implementing aggregated single and all-months combined position limits of 2,500 contracts. For purposes of calculating a holder's net position in either Ethanol Futures or Ethanol Forward Futures, all positions held in Ethanol Futures, Ethanol Forward Futures, and futures equivalents on either contract will be aggregated. Proposed modifications to the CBOT Rulebook Chapter 5 Position Limit, Position Accountability, and Reportable Level Table are listed at Appendix B.<sup>3</sup>~~

## **G. Deliverable Supply in the Underlying Market**

~~Like the Ethanol Forward Swap, the converted Ethanol Forward Futures will be cash-settled, with settlement prices based on the settlement prices of corresponding physically delivered Ethanol Futures. Ethanol Forward Futures' final settlement day is the First Notice Day for physically delivered Ethanol Futures and the final settlement price will equal the average of the physically delivered futures settlement prices during the last month of trade. The deliverable~~

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<sup>2</sup>Consistent with many NYMEX energy-based calendar swaps, the concept of Diminishing Balances will be adopted for Ethanol Forward Futures. Diminishing Balance contracts are those whose front-month open positions, as counted for position limit purposes, diminish as the contract month progresses toward expiration. An Asian-style contract's final settlement is the monthly average of its referencing futures contract's daily settlement prices. Thus, for each additional day in the final month of trade, that day's portion of the contract's final settlement is determined and one fewer futures settlement remains undetermined. Diminishing Balances takes into consideration that as the final trading month progresses, the contract's final settlement becomes more certain, and only the proportion of positions held in the contract that remain uncertain should be counted for position limit purposes. For example, someone holding 100 short Ethanol Forward Futures contracts in a final trading month with 20 business days would see their open position for position limit purposes diminish by 1/20 or 5 contracts per day.

<sup>3</sup>Also included in Appendix B is the elimination of Footnote #15 in the Position Limit, Position Accountability, and Reportable Level Table. CBOT Ethanol futures used to have two underlying option products; standard Options of Ethanol futures and Cash-Settled Options on Ethanol futures. The standard options have position limits while the cash-settled options have position accountability. Footnote #15 differentiated how both of these options' position limits and position accountability were counted. Cash-Settled Options on Ethanol Futures have been delisted, however, and this footnote is no longer needed.

~~supply underlying the physically delivered Ethanol Futures is considerable, with average deliverable supply from January 2010 through October 2012 estimated at 3,991 Ethanol Futures contracts per month (115.74 million gallons). An analysis of the deliverable supply underlying the physically delivered Ethanol Futures contract is contained in Appendix C.~~

## **GB. Other Contract Changes Modifications to Rule Chapter 16D**

~~Because Ethanol Forward Futures will be listed on CME Globex, the Exchange has set a non-reviewable trading range of four cents (\$0.04) per gallon, which is consistent with Ethanol Futures.~~

~~These updates are contained in Appendix A.~~

~~CBOT currently also lists cleared-only Cash ~~cash~~ Settled ~~settled~~ Options on Denatured Fuel Ethanol Forward Month Calendar Swaps (“Ethanol Forward Option”). This is a cleared-only option ~~on~~ with a ~~the~~ settlement price that references the settlement price of the Denatured Fuel Ethanol Forward Month Swap contract (“Ethanol Forward Swap”). ~~—The financial terms and conditions of the Ethanol Forward Futures will be identical to those of the Ethanol Forward Swap. The Ethanol Forward Swap will be delisted concurrent to listing of the Ethanol Forward Futures contract. Upon delisting of the swap and listing of the futures contract, the Ethanol Forward Option’s settlement price will reference the settlement price of the Ethanol Forward Futures. The Ethanol Forward Option product chapter (CBOT Rule 16D) is being revised to reflect the Ethanol Forward Futures contract as the reference contract for settlement. The remaining terms and conditions of the Ethanol Forward Option, including reportable levels and position accountability, are unchanged. Since this product has seen very limited activity over the past year, the Exchange is not proposing to convert this product to a standard option at this time. However, should demand for this product emerge, the Exchange may decide to pursue conversion at a later date. For now, however, since this product references Ethanol Forward Swaps, the Exchange certifies changes to the contract’s name and terms to specify that it is tied to the converted Ethanol Forward Futures.~~~~

~~These updates are contained in Appendix DA.~~

## **H. Compliance With Core Principles**

CBOT business staff and the CBOT legal department collectively reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA”). During the review, CBOT staff identified that the proposed conversion may impact the following Core Principles:

- ~~• Prevention of Market Disruption: Trading in Ethanol Forward Futures will be subject to CBOT Rule Chapters 4 and 7, which include prohibitions on manipulation, price distortion and disruptions of the delivery or cash settlement process. As with all products listed for trading on one of CME Group’s designated contract markets, activity will be subject to monitoring and surveillance by CME Group’s Market Regulation Department.~~
- ~~• Contracts not Readily Subject to Manipulation: Ethanol Forward Futures will not be readily subject to manipulation due to the liquidity and robustness in the underlying cash market, which provides diverse participation and sufficient spot transactions to support the underlying market.~~

- ~~Compliance with Rules: Trading in Ethanol Forward Futures will be subject to the full range of trade practice rules in the CBOT Rule Chapters, including all monitoring, surveillance, and enforcement provisions.~~
- ~~Execution of Transactions: The Ethanol Forward Futures will be listed for trading on CME Globex. The CME Globex platform provides a transparent, open, and efficient mechanism to electronically execute trades on screen.~~ Block trades will be submitted for clearing through CME's ClearPort system or CME's Front End Clearing (FEC) trade processing module. Core Principle 9 permits a DCM to authorize certain transactions executed away from the DCM's centralized marketplace, including block transactions. The addition of block minimum thresholds in Ethanol Forward Futures is intended to ensure that there remains a viable means for market participants to continue transacting in products in accordance with their commercial hedging needs. Additionally, these block transactions are subject to an Exchange-set reporting requirement so the marketplace will have pricing information on these transactions.
- ~~Position Limitations or Accountability: The Ethanol Forward Futures will maintain its Position Accountability limit with reportable levels remaining at twenty five (25) contracts. The aggregated spot month and all months combined speculative position limits for the Ethanol Forward Futures and referencing contracts are below the threshold established by Commission Regulation 150.5(c). Additionally, subjecting the Ethanol Forward Futures to end-of-the-month spot limits consistent with those of the referencing contract reduces the threat of manipulation and congestion as the delivery month approaches.~~
- ~~Availability of General Information: The Exchange will publish information on the Ethanol Forward Future's terms and conditions, trading rules, and specifications on its website~~[The Exchange is modifying references within the Ethanol Forward Options rule chapter to accurately reflect the name of its referencing contract.](#)
- ~~Daily Publication of Trading Information: Trading volume, open interest and price information for the Ethanol Forward Futures will be published daily on the Exchange's website.~~
- ~~Financial Integrity of Transactions: All transactions in these products will be cleared by CME Clearing, a derivatives clearing organization (DCO) registered with the Commission. Transactions submitted to CME Clearing are subject the financial integrity requirements applicable to DCOs and are guaranteed by the clearing house and its clearing members.~~
- ~~Protection of Market Participants: CBOT Rule Chapters 4 and 5 contain multiple prohibitions precluding intermediaries from disadvantaging their customers. These rules apply to trading on all of the Exchange's competitive trading venues and will be applicable to transactions in these products.~~
- ~~Disciplinary Procedures: Rule Chapter 4 empowers the Exchange to discipline, suspend or expel members or market participants that violate the rules. Trading in these contracts will be subject to Chapter 4, and the Market Regulation Department has the authority to exercise its enforcement power in the event rule violations in this product are identified.~~
- ~~Dispute Resolution: Disputes with respect to trading this contract will be subject to the arbitration provisions set forth in CBOT Rule Chapter 6. The rules in Chapter 6 allow all non-members to submit to arbitration a claim for financial losses resulting from transactions on the Exchange. A member named as a respondent in a claim submitted by a nonmember is required to participate in the arbitration pursuant to the rules in Chapter 6. Additionally, the Exchange requires that members resolve all disputes concerning transactions on the Exchange via arbitration.~~

The Exchange is not aware of any substantive opposing views to the proposed ~~conversion~~ modifications. Pursuant to Section 5c(c) of the CEA and CFTC Regulation 40.2, the Exchange hereby certifies that these modifications comply with the CEA and applicable CFTC Regulations thereunder.

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>.

If you require any additional information regarding this action, please contact me at (212) 299-2200 or [Christopher.Bowen@cmegroup.com](mailto:Christopher.Bowen@cmegroup.com), and reference CBOT Submission 13-029 in any related correspondence.

Sincerely,

/s/ Christopher K. Bowen  
Managing Director and Chief Regulatory Counsel

Attachments: Appendix A: Amendments to CBOT Rule Chapter 16D  
Appendix B: CME & CBOT Market Regulatory Advisory Notice RA1302-3  
Appendix C: Blackline Revisions to CBOT Submission No. 13-029

## Appendix A Contract Rule Changes

### Chapter 16C Denatured Fuel Ethanol Forward Month ~~[Swaps]~~ Futures ~~[(Clearing Only)]~~

#### **16C00. SCOPE OF CHAPTER**

This chapter is limited in application to ~~[the clearing of]~~ Denatured Fuel Ethanol Forward Month ~~[Swaps,]~~ Futures ~~[where the parties to the transaction are “eligible contract participants” as defined in Section 1a(18) of the Commodity Exchange Act.]~~ The procedures for trading, clearing, and settlement not specifically covered herein or in Chapter 7 ~~[Transactions in Denatured Fuel Ethanol Forward Month Swaps]~~ shall ~~[also]~~ be ~~[subject to]~~ governed by the general rules of the Exchange, ~~[insofar as applicable. The clearing and settlement of transactions in Denatured Fuel Ethanol Forward Month Swaps shall also be subject to the provisions of Chapter 8 F of the CME Rulebook.]~~

#### **16C01. CONTRACT SPECIFICATIONS**

##### **16C01.A. Unit of ~~[Clearing]~~ Trade**

The unit of ~~[clearing]~~ trade shall be 14,500 gallons of Denatured Fuel Ethanol.

##### **16C01.B. Hours ~~[for Clearing Entry]~~**

The Exchange shall determine the hours during which Denatured Fuel Ethanol Forward Month ~~[Swaps]~~ Futures may trade ~~[be submitted to the Clearing House. Positions shall be initiated or closed out using off-exchange transactions.]~~

##### **16C01.C. Minimum Price Increments**

Minimum price fluctuations shall be in multiples of one hundredth of one cent (\$0.0001) per gallon which shall equal \$1.45 per contract. Contracts shall not be made on any other price basis.

##### **16C01.D. Months ~~[Cleared]~~**

~~[Clearing]~~ Trading of Denatured Fuel Ethanol Forward Month ~~[Swaps]~~ Futures is regularly conducted in all twelve months, but shall be permitted in the current delivery month and any succeeding months. The number of months in which ~~[clearing]~~ trade may occur shall be at the discretion of the Exchange.

##### **16C01.E. Position Limits, Exemptions, Position Accountability and Reportable Levels**

~~[Position accountability, as defined in Rule 560, will apply to trading in Denatured Fuel Ethanol Forward Month Swaps].~~



~~The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.~~

~~A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.~~

~~Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.~~

#### ~~16C01.F. Last Trading Day [of Clearing]~~

~~The last day of [clearing] trading of Denatured Fuel Ethanol Forward Month [Swaps] futures deliverable in the current delivery month shall be the final settlement day as prescribed in Rule 16C05.~~

#### ~~16C01.G. Liquidation during the Delivery Month~~

~~After [clearing] trading of Denatured Fuel Ethanol Forward Month [Swaps] Futures in the current delivery month has ceased, in accordance with Rule 16C01.F. of this chapter, outstanding contracts for such delivery shall be liquidated by cash settlement as prescribed in Rule 16C02.~~

### ~~16C02. DELIVERY~~

~~Delivery against Denatured Fuel Ethanol Forward Month [Swaps] Futures must be made through the Clearing House. Delivery under these rules shall be on the final settlement day (as described in Rule 16C05) and shall be accomplished by cash settlement.~~

~~Clearing members holding open positions in Denatured Fuel Ethanol Forward Month [Swaps] Futures at the time of termination of [clearing] trading shall make payment to and receive payment through the Clearing House in accordance with normal variation settlement procedures based on a settlement price equal to the final settlement price (as described in Rule 16C03.)~~

### ~~16C03. FINAL SETTLEMENT PRICE AND DAILY SETTLEMENT DURING THE LAST MONTH OF TRADING~~

~~The final settlement price shall be determined on the final settlement day. The final settlement price shall be the cumulative average of the settlement prices for the Denatured Fuel Ethanol futures contract following the Denatured Fuel Ethanol Forward Month [Swap] Futures contract month for each [clearing] trading day in the Denatured Fuel Ethanol Forward Month [Swap] Futures contract month.~~

For example, final settlement for a May Denatured Fuel Ethanol Forward Month [Swap] **Futures** would be the cumulative average of the daily settlement prices for the June Denatured Fuel Ethanol futures contract during the month of May.

Daily settlement during the last month of [clearing] **trading** shall be the cumulative average of each settlement price of the corresponding CBOT Denatured Fuel Ethanol futures contract following the Denatured Fuel Ethanol Forward Month [Swap] **Futures** contract month weighting the current day's settlement price across each remaining [clearing] **trading** day.

For example, the calculation of the daily settlement price for a May Denatured Fuel Ethanol Forward Month [Swap] **Futures** on the third business day in May in a May with 20 [clearing] **trading** days and with respective settlement prices for the corresponding June Denatured Fuel Ethanol futures at \$2.00, \$2.10, and \$2.20 per gallon would weight the average of \$2.00 and \$2.10 (\$2.05) at 2/20ths and weight the current day's settlement of \$2.20 at 18/20ths. In this example, settlement on the third day of [clearing] **trading** in the final month of [clearing] **trade** would be \$2.185 per gallon.

#### **16C04. DAILY SETTLEMENT PRICE**

Daily settlement other than settlement on the final settlement day (as described in Rule 16C05.) or during the last month of [clearing] **trade** shall be the settlement price for the CBOT Denatured Fuel Ethanol futures contract following the Denatured Fuel Ethanol Forward Month [Swap] **Futures** contract month on that day.

#### **16C05. FINAL SETTLEMENT DAY**

The final settlement day shall be defined as the last business day of the contract month.

#### **16C06. DISPUTES**

All disputes between interested parties may be settled by arbitration as provided in the Rules.

#### **588.H. Globex Non-Reviewable Trading Ranges**

<b><u>Instrument</u></b>	<b><u>Non-Reviewable Range (NRR) in Globex Format</u></b>	<b><u>NRR including Unit of Measure</u></b>	<b><u>NRR Ticks</u></b>
<b><u>Ethanol Forward Futures</u></b>	<b><u>400</u></b>	<b><u>\$0.04 per gallon</u></b>	<b><u>400</u></b>

## Appendix B

### Amendment to CBOT POSITION LIMIT, POSITION ACCOUNTABILITY AND REPORTABLE LEVEL TABLE (Chapter 5):

CONTRACT NAME	Opts	SCALE-DOWN SPOT MONTH	SPOT MONTH	SINGLE MONTH	ALL-MONTHS COMBINED	POSITION ACCOUNTABILITY Futures/Options	REPORTABLE FUTURES LEVEL	REPORTABLE OPTIONS LEVEL
<b>AGRICULTURAL</b>								
<del>Denatured Fuel Ethanol Futures (see #14)</del>	<del>Y</del>		<del>200 (aggregate, see #6)</del>	<del>[1,000] 2,500 (aggregate, see #6)</del>	<del>[1,000] 2,500 (aggregate, see #6)</del>	<del>N/A [-25 (see #15)]</del>	<del>25</del>	<del>25 (see #15)</del>
<del>Denatured Fuel Ethanol Forward Month [Swap] Futures (see #14)</del>	<del>Y</del>	<del>[N/A]</del>	<del>[N/A] 200 (aggregate, see #2, #4, #6)</del>	<del>[N/A] 2,500 (aggregate, see #6)</del>	<del>[N/A] 2,500 (aggregate, see #6)</del>	<del>[25/N/A /-25]</del>	<del>25</del>	<del>25</del>

- #1 — ~~Additional futures contracts may be held outside of the spot month as part of futures/futures spreads within a crop year provided that the total of such positions, when combined with outright positions, do not exceed the all months combined limit. In addition, a person may own or control additional options in excess of the futures equivalent limits provided that those option contracts in excess of the futures equivalent limits are part of an eligible option/futures spread.~~
- #2 — ~~[Reserved] **Diminishing balances shall apply during the last trading month, with diminishing balances counted toward position limits as the trading month progresses toward contract expiration.**~~
- #3 — ~~The futures equivalents for both the options (in all strike prices) and futures contracts are aggregated to determine compliance with these net position limits.~~
- #4 — ~~[Reserved] **Spot month limits effective at the close of trade on the business day prior to the last trading day.**~~
- #5 — ~~In the last five trading days of the expiring futures month, the speculative position limit for the July futures month will be 200 contracts and for the September futures month the limit will be 250 contracts.~~
- #6 — ~~[Reserved] **All open positions in Denatured Fuel Ethanol Futures, Denatured Fuel Ethanol Forward Month Futures, and options on Denatured Fuel Ethanol Futures (in all strike prices) are aggregated for purposes of these position limits.**~~
- #7 — ~~[Reserved]~~
- #8 — ~~In the last five trading days of the expiring futures month in May, the speculative position limit will be 600 contracts if deliverable supplies are at or above 2,400 contracts, 500 contracts if deliverable supplies are between 2,000 and 2,399 contracts, 400 contracts if deliverable supplies are between 1,600 and 1,999 contracts, 300 contracts if deliverable supplies are between 1,200 and 1,599 contracts, and 220 contracts if deliverable supplies are below 1,200 contracts. Deliverable supplies will be determined from the CBOT's Stocks of Grain report on the Friday preceding the first notice day for the May contract month. For the purposes of this Appendix, one mini-sized Wheat contract shall be deemed to be equivalent to one fifth of a corresponding Wheat contract.~~
- #9 — ~~The aggregate position limit in DJIA Index (\$25 multiplier) futures, mini-sized Dow (\$5 multiplier) futures and options, and DJIA Index futures and options is 50,000 DJIA Index futures contracts, net long or net short in all contract months combined. For the purposes of this appendix:~~

- ~~One DJIA Index futures contract shall be deemed to be equivalent to two mini-sized Dow (\$5 multiplier) contracts.~~
- ~~One DJIA Index (\$25 multiplier) futures contract shall be deemed to be equivalent to five mini-sized Dow (\$5 multiplier) contracts.~~
- ~~Two DJIA Index (\$25 multiplier) futures contracts shall be deemed to be equivalent to five DJIA Index futures contracts.~~
- #10 ~~The net long or net short positions in Corn, Soybeans, or Wheat contracts may not exceed their respective position limits. The net long or net short positions in mini-sized Corn, mini-sized Soybeans, or mini-sized Wheat contracts may not exceed their respective position limits. The aggregate long or short positions in Corn and mini-sized Corn, Soybeans and mini-sized Soybeans, or Wheat and mini-sized Wheat contracts may not exceed their respective position limits. There shall be no netting between mini- and full-sized contracts for position limit purposes. For the purposes of this Appendix, one mini-sized Corn, one mini-sized Soybean, or one mini-sized Wheat contract shall be deemed to be equivalent to one-fifth of a corresponding Corn, Soybeans, or Wheat contract.~~
- #11 ~~The reporting level for the primary contract is separate from the reporting level for the mini-sized contract. Positions in any one month at or above the contract level indicated trigger reportable status. For a person in reportable status, all positions in any month of that contract must be reported. For the purposes of this Appendix, positions are on a contract basis.~~
- #12 ~~Reserved~~
- #13 ~~In the last ten trading days of the expiring futures month, the following position limits in the expiring contract will apply: U.S. Treasury Bonds — 25,000 contracts; U.S. Treasury Notes (6½ – 10 Year) — 60,000 contracts; U.S. Treasury Notes ( 5 Year) — 45,000 contracts; U.S. Treasury Notes (2 Year) — 25,000 contracts. No hedge exemptions will be permitted with respect to these limits.~~
- #14 ~~Net Futures Equivalent Position limit applies to Denatured Fuel Ethanol futures, [and] Denatured Fuel Ethanol Standard Options, and Denatured Fuel Ethanol Forward Month Futures only.~~
- #15 ~~**[Reserved]** [Position Accountability applies to Cash-Settled Ethanol Options only. Reportable Option Levels applies to both Standard Ethanol Options and Cash-Settled Ethanol Options.]~~

**Appendix C**  
**-Estimated Deliverable Supply**

Physically delivered CBOT Denatured Fuel Ethanol futures, which underlie the cash settled CBOT Denatured Fuel Ethanol Forward Month Swap Futures, have a unique delivery mechanism that allows virtually any U.S. Ethanol production facility to become a regular delivery facility even though delivery is basis a buyer's Chicago region fuel terminal. Thus, contract terms define a delivered product but allow most ethanol production facilities eligibility to become regular delivery facilities. The contract also allows firms to register storage capacity in the Chicago region for delivery.

**Regular Ethanol Delivery Facilities (Production Facilities)**

<b>Firm</b>	<b>Location</b>	<b>Maximum Certificates Deliverable</b>
AGP Corn Processing, Inc.	Hastings, NE	67
Cargill, Inc.	Eddyville, IA	79
Cargill, Inc.	Blair, NE	180
Ethanol Products, LLC	Emmetsburg, IA	148
Ethanol Products, LLC	Hudson, SD	183
Archer Daniels Midland Co.	Marshall, MN	98
Archer Daniels Midland Co.	Peoria, IL	202
Archer Daniels Midland Co.	Columbus, NE	185
Archer Daniels Midland Co.	Clinton, IA	478
Archer Daniels Midland Co.	Walhalla, ND	36
Noble Americas Corp.	Steamboat Rock, IA	71
Badger State Ethanol, LLC	Monroe, WI	60
Aventine Renewable Energy, LLC	Pekin, IL	189
Nebraska	Aurora, NE	95

Energy, LLC		
Louis-Dreyfus Commodities, LLC	Norfolk, NE	110
Louis-Dreyfus Commodities, LLC	Grand Junction, IA	260
Big-River Resources, LLC	W. Burlington, IA	165
Lincolnland Agri-Energy LLC	Palestine, IL	124
The Andersons Inc.	Albion, MI	86
The Andersons Inc.	Logansport, IN	157
The Andersons Inc.	Greenville, OH	157
Cornhusker Energy Lexington, LLC	Lexington, NE	78
Green-Plains Holdings II, LLC	Lakota, IA	145
Green-Plains Holdings II, LLC	Riga, MI	72
Green-Plains Shenandoah, LLC	Shenandoah, IA	96
Green-Plains Superior, LLC	Superior, IA	96
Green-Plains Obion, LLC	Rives, TN	163
Green-Plains Bluffton, LLC	Bluffton, IN	163
Green-Plains Ord, LLC	Ord, NE	88
Green-Plains Central-City, LLC	Central-City, NE	122
Green-Plains Otter Tail, LLC	Fergus Falls, MN	104
<b>TOTAL</b>		<b>4257</b>

### **Regular Ethanol Delivery Facilities (Storage Facilities)**

<b>Firm</b>	<b>Location</b>	<b>Maximum Certificates Deliverable</b>
Flint Hills Resources Grain	Argo, IL	245
Cargill, Inc.	Argo, IL	64
Ethanol Products, LLC	Argo, IL	117
Archer Daniels Midland Co.	Argo, IL	195
BP Corporation North America Inc.	Forest View, IL	46
Noble Americas Corp.	Argo, IL	216
Louis Dreyfus Commodities, LLC	Argo, IL	70
U.S. Venture, Inc.	Argo, IL	40
Lansing Ethanol Services, LLC	Argo, IL	103
AGP Corn Processing, Inc.	Argo, IL	41
Murex N.A. Ltd.	Argo, IL	30
Kempler & Co., Inc.	Argo, IL	66
Vitol, Inc.	Argo, IL	59
Gavilon, LLC	Argo, IL	164
Center Oil Company	Argo, IL	44
Atlas Oil Company	Argo, IL	44
<b>TOTAL</b>		<b>1544</b>

As of January 2013, the CBOT Denatured Fuel Ethanol Futures contract has a total of 5,801 contracts (168.2 million gallons) of delivery capacity with 4,257 contracts (123.4 million gallons) from production facilities and 1,544 contracts (44.8 million gallons) from storage facilities in the Chicago region.

### **Deliverable Supply:**

Ethanol production facilities that become regular for delivery are allowed to register up to 15 times their daily loading rate. The rules dictate that a firm's daily loading rate not be less than 40 percent and not more than 100 percent of its 24-hour ethanol production capacity. Thus, the maximum amount a production facility may register for futures delivery is 15 times its 24-hour production capacity.

Most ethanol storage is conducted in private hands, and publically available data on ethanol storage is difficult to obtain. However, the Renewable Fuels Association (RFA) and the Energy Information Agency (EIA) produce monthly U.S. ethanol production estimates<sup>4</sup>. Additionally, the RFA also tracks U.S. ethanol production capacity. Thus, monthly U.S. ethanol production utilization rates may be estimated from publically available data:

#### US Monthly Ethanol Production

		<b>Production (1,000 barrels)</b>	<b>Production Capacity (1,000 barrels)</b>	<b>Production Utilization</b>
2010	Jan	25366	26801	94.64%
	Feb	23328	26801	87.04%
	Mar	26270	26801	98.02%
	Apr	24962	26801	93.14%
	May	26244	26801	97.92%
	Jun	25631	26801	95.63%
	Jul	26581	26801	99.18%
	Aug	26963	26801	100.60% <sup>5</sup>
	Sep	26061	26801	97.24%
	Oct	27410	26801	102.27%
	Nov	27745	26801	103.52%
	Dec	28457	26801	106.18%

		<b>Production (1,000 barrels)</b>	<b>Production Capacity (1,000 barrels)</b>	<b>Production Utilization</b>
2011	Jan	28524	29577	96.44%

<sup>4</sup>-See, for example <http://www.eia.gov/totalenergy/data/monthly/> and <http://www.ethanolrfa.org/pages/statistics->

<sup>5</sup>-Some ethanol production plants are able to produce temporarily at levels greater than their official capacity.



Feb	25400	29577	85.88%
Mar	28194	29577	95.32%
Apr	26591	29577	89.90%
May	27756	29577	93.84%
Jun	27064	29577	91.50%
Jul	27624	29577	93.40%
Aug	28110	29577	95.04%
Sep	26645	29577	90.09%
Oct	28092	29577	94.98%
Nov	28335	29577	95.80%
Dec	29772	29577	100.66%

		<b>Production Capacity (1,000 barrels)</b>	<b>Production Utilization</b>
2012	Jan	29063	29855 97.35%
	Feb	26653	29855 89.27%
	Mar	27706	29855 92.80%
	Apr	26368	29855 88.32%
	May	27718	29855 92.84%
	Jun	26611	29855 89.13%
	Jul	25329	29855 84.84%
	Aug	26194	29855 87.74%
	Sep	24511	29855 82.10%
	Oct	25352	29855 84.92%

Assuming the production facilities that are regular to deliver on the CBOT Denatured Fuel Ethanol Futures contract experience production utilization rates similar to the national rates, deliverable supply may be estimated by taking regular delivery capacity (in contracts) and multiplying by the national ethanol production utilization rate each month. This method does not account for any ethanol that may be part of long term agreements, but it also does not count ethanol in storage or ethanol produced by non-regular facilities that could be secured and placed in delivery by regular delivery firms.

		<b>Ethanol Futures Regular Delivery Capacity (Production Facilities)</b>	<b>Production Utilization Rate</b>	<b>Deliverable Supply (Contracts)</b>
2010	Jan	4257	94.64%	4029

	Feb	4257	87.04%	3705
	Mar	4257	98.02%	4173
	Apr	4257	93.14%	3965
	May	4257	97.92%	4168
	Jun	4257	95.63%	4071
	Jul	4257	99.18%	4222
	Aug	4257	100.60%	4283
	Sep	4257	97.24%	4139
	Oct	4257	102.27%	4354
	Nov	4257	103.52%	4407
	Dec	4257	106.18%	4520
2011	Jan	4257	96.44%	4105
	Feb	4257	85.88%	3656
	Mar	4257	95.32%	4058
	Apr	4257	89.90%	3827
	May	4257	93.84%	3995
	Jun	4257	91.50%	3895
	Jul	4257	93.40%	3976
	Aug	4257	95.04%	4046
	Sep	4257	90.09%	3835
	Oct	4257	94.98%	4043
	Nov	4257	95.80%	4078
	Dec	4257	100.66%	4285
2012	Jan	4257	97.35%	4144
	Feb	4257	89.27%	3800
	Mar	4257	92.80%	3951
	Apr	4257	88.32%	3760
	May	4257	92.84%	3952
	Jun	4257	89.13%	3794
	Jul	4257	84.84%	3612
	Aug	4257	87.74%	3735
	Sep	4257	82.10%	3495
	Oct	4257	84.92%	3615
	<b>AVERAGE</b>			<b>3991</b>

As the table above shows, the average estimated deliverable supply from January 2010 through October 2012 has been 3,991 contracts per month (115.74 million gallons). The largest month saw estimated production of 4,520 contracts (131.08 million gallons) and the smallest month saw estimated production at 3,495 contracts (101.36 million gallons).

The Exchange reached out to a cross-section of Ethanol regular firms to get a sense of the amount of ethanol production and ethanol stocks that are held under long-

~~term agreements, and as a result of these long-term agreements, would not be available for delivery on CBOT Ethanol futures. The Exchange spoke with ethanol traders representing 31 percent of CBOT Ethanol futures regular delivery capacity. All firms reported that they typically have none (zero percent) of their ethanol under any kind of agreement that would preclude it from being deliverable on futures. Thus, based on this feedback, the Exchange does not believe our estimated deliverable supply would in any way be substantially reduced due to existing long-term agreements.~~

**Appendix ~~D~~A**  
**~~Other Rule Updates~~ Amendments to CBOT Rule Chapter 16D**

**Chapter 16D**  
**Cash-Settled [~~Options on~~] Denatured Fuel Ethanol**  
**Forward Month [~~Calendar~~] Swap[s] Options**  
**(Clearing only)**

**16D00. SCOPE OF CHAPTER**

This chapter is limited in application to transactions in cash-settled put and call options on Denatured Fuel Ethanol Forward Month [~~Swaps~~] **Futures**, where the parties to the transaction are “eligible contract participants” as defined in Section 1a(18) of the Commodity Exchange Act. In addition to the rules of this chapter, transactions in cash-settled [~~options on~~] Denatured Fuel Ethanol Forward Month Swap[s] **Options** shall be subject to the general rules of the Exchange insofar as applicable. The clearing and settlement of transactions in cash-settled put and call [~~options on~~] Denatured Fuel Ethanol Forward Month Swap[s] **Options** shall also be subject to the provisions of Chapter 8-F of the CME Rulebook.

**16D01. OPTIONS CHARACTERISTICS**

**16D01.A. Contract Months Available for Clearing Entry**

Option contracts may be submitted for clearing entry on the nearby cash-settled Denatured Fuel Ethanol Forward Month [~~Swaps~~] **Futures** contract month and any succeeding months, provided however, that the Exchange may determine not to list a contract month.

**16D01.B. Clearing Unit**

One 14,500 gallon Denatured Fuel Ethanol Forward Month [~~Swaps~~] **Future** of a specified contract month on the Chicago Board of Trade.

**16D01.C. Minimum Fluctuations**

The premium for cash-settled Denatured Fuel Ethanol Forward Month Swap[s] options shall be in multiples of \$0.0001 per gallon which shall equal \$1.45 per contract.

However, a position may be initiated or liquidated in cash-settled [~~options on~~] Denatured Fuel Ethanol Forward Month Swap[s] **Options** at a premium ranging from \$0.10 to \$1.40, in \$0.10 increments per option contract.

**16D01.D. Hours for Clearing Entry**

The hours for clearing entry of cash-settled [~~options on~~] Denatured Fuel Ethanol Forward Month Swap **Options** contracts shall be determined by the Exchange. On the last day that clearing entry is available for an expiring option, the closing time for such clearing entry shall be 1:15 p.m. Chicago time.

**16D01.E. Exercise Prices**

Clearing shall be conducted for put and call options with striking prices (the “strikes”) in integral multiples of five (5) cents per gallon per Denatured Fuel Ethanol futures contract (i.e., 1.900, 1.950, 2.000, 2.050, 2.100 etc.) as follows:

1.
  - a. In integral multiples of five cents, at the commencement of trading for an option contract, the following strikes shall be listed: one with a strike closest to the previous day's settlement price of the underlying Denatured Fuel Ethanol Forward Month [~~Swaps~~] **Futures** contract, the next ten consecutive higher and the next ten consecutive lower strikes (the "initial band"). If the previous day's settlement price is midway between two strikes, the closest price shall be the larger of the two.
  - b. In integral multiples of five cents, over time, strikes shall be added as necessary to ensure that all strikes within \$0.50 of the previous day's trading range of the underlying Ethanol Forward Month [~~Swap~~] **Futures** contract are listed (the "minimum band").
  - c. No new strikes may be added by these procedures in the month in which an option expires.
2. All strikes will be available for clearing entry prior to the opening of the hours for clearing entry of the underlying CBOT Denatured Fuel Ethanol Forward Month [~~Swap~~] **Futures** contract on the following business day.

The Exchange may modify the procedures for the introduction of strikes as it deems appropriate in order to respond to market conditions.

**16D01.F. Position Limits, Exemptions, Position Accountability and Reportable Levels**

[Position accountability, as defined in Rule 560, will apply to trading in Cash-Settled Options on Denatured Fuel Ethanol Forward Month Calendar Swaps.]

**The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.**

**A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.**

**Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.**

**16D01.G. Reserved**

**16D01.H. Nature of Cash-Settled [~~Options on~~] Denatured Fuel Ethanol Forward Month Swap[s] Options**

On expiration of a put option the buyer of one cash-settled Denatured Fuel Ethanol Forward Month Swap put option will be entitled to receive the value of that put option. The value of a cash-settled Denatured Fuel Ethanol Forward Month Swap put option at expiration will be defined as the difference between the strike price of the put option and the settlement price of the underlying CBOT Denatured Ethanol Forward Month [~~Swap~~] **Futures** contract multiplied by 14,500 gallons, or zero, whichever is greater. The seller of one cash-settled Denatured Fuel

Ethanol Forward Month Swap[s] put option incurs the obligation to pay the value of that put option.

On expiration of a call option the buyer of one cash-settled Denatured Fuel Ethanol Forward Month Swap call option will be entitled to receive the value of that call option. The value of a cash-settled Denatured Fuel Ethanol Forward Month Swap call option at expiration will be defined as the difference between the settlement price of the underlying CBOT Denatured Fuel Ethanol Forward Month ~~[Swaps]~~ **Futures** contract and the strike price multiplied by 14,500 gallons, or zero, whichever is greater. The seller of one cash-settled Denatured Fuel Ethanol Forward Month Swap[s] call option incurs the obligation to pay the value of that call option.

**16D01.I. Last Day of Clearing**

The last day of clearing for cash-settled ~~[options or]~~ Denatured Fuel Ethanol Forward Month Swap[s] **Options** shall be the last trading day of the underlying Denatured Fuel Ethanol Forward Month ~~[Swap]~~ **Futures** contract.

**16D01.J. Reserved**

**16D02. EXERCISE OF OPTION**

Cash-settled Denatured Fuel Ethanol Forward Month Swap options will be cash settled on expiration day. For the avoidance of doubt, cash-settled Denatured Fuel Ethanol Forward Month Swap options cannot be exercised at any time during the life of the option.

**16D03. [RESERVED]**

**16D04. [RESERVED]**

**16D05. [RESERVED]**

**16D06. PAYMENT OF OPTION PREMIUM**

The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his futures commission merchant at the time that the option is purchased, or within a reasonable time after the option is purchased.

**Appendix ~~E~~B**  
**CME & CBOT Market Regulation Advisory Notice RA1302-3**

**MARKET REGULATION ADVISORY NOTICE**

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<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>February 8, 2013</b>
<b>Advisory Number</b>	<b>CME &amp; CBOT RA1302-3</b>
<b>Effective Date</b>	<b>February 25, 2013</b>

This Advisory Notice supersedes CME & CBOT Market Regulation Advisory Notice RA1301-3 from January 11, 2013. It is being issued to notify the marketplace that pending all relevant regulatory review periods, effective Sunday, February 24, 2013, for trade date Monday, February 25, 2013, Denatured Fuel Ethanol Forward Month futures will be eligible to be executed as block trades subject to the requirements of Rule 526 (“Block Trades”) at a minimum threshold of ten (10) contracts.

CME and CBOT products in which block trading is permitted appear in Section 12, and the text of CME and CBOT Rule 526 appears in Section 14 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; block trades transacted in such manner do not satisfy the privately negotiated standard. 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 Select Sector futures and DJUSRE futures are also subject to the requirements set forth in CME Rule 36906.A. (“BTIC Block Trade Requirements”) or CBOT Rule 30107.A. (“BTIC Block Trade Requirements”), as applicable. 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.

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 (“Basis Trade at Index Close (“BTIC”) Transactions”) or CBOT Rule 30207 (“Basis Trade at Index Close (“BTIC”) Transactions”), 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, OTR Treasury Yield, 5-, 7-, 10- and 30-Year Interest Rate Swap and GSCI 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, OTR Treasury Yield and 5-, 7-, 10- and 30-Year Interest Rate Swap Futures



***Intra-commodity calendar spread block trades are prohibited in CBOT U.S. Treasury futures, OTR Treasury Yield and 5-, 7-, 10- and 30-Year Interest Rate Swap 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) GSCI Futures

In GSCI futures and GSCI Excess Return Index futures the block trade minimum is 300 contracts for each leg of the spread or combination. For example, the minimum quantity for a GSCI calendar spread would require 300 contracts in each leg of the spread for a total of 600 contracts while a GSCI futures butterfly would require a minimum volume of 1,200 contracts.

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, OTR Treasury Yield, 5-, 7-, 10- and 30-Year Interest Rate Swap and 10-Year Sovereign Yield Spread Futures

In U.S. Treasury, OTR Treasury Yield, 5-, 7-, 10- and 30-Year Interest Rate Swap 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) USD IRS Futures

Inter-commodity futures spreads or combinations composed only of USD IRS futures (e.g., 2-Year USD IRS v. 10-Year USD IRS) 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 USD IRS futures and 10-Year USD IRS futures 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 USD IRS futures (e.g., 10-Year Treasury Notes v. 10-Year USD IRS) 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 USD IRS futures 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 USD IRS leg is at least 1,000 contracts.

iv) 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 **Excluding** USD 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 USD 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, and USD IRS Block Trades

Block trades in Weather, Housing and USD 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 USD 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) may be price reported to the GCC. The seller or broker reports the trade by calling the GCC at **312.456.2391**. 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 reported directly to CME Clearing via CME ClearPort. 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 Angie DiCarlo, Senior Director, Client Development & Sales, at 312.930.4515 or via email at [Angie.DiCarlo@cmegroup.com](mailto:Angie.DiCarlo@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 (unless the block trade is electronically reported); and
- Execution time (in Central Time) of the trade (i.e. the time at which the trade was consummated).

## **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 current PCS deadline 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](http://www.cmegroup.com/tools-information/blocktrades.html) 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 Select Sector futures and BTIC Transactions in DJUSRE 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 for Select Sector futures and CBOT Chapter 30 for DJUSRE futures).

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 a Select Sector futures BTIC block trade will be based on the current day's Select Sector cash index close price, or the current day's Select Sector cash index close price adjusted by any valid price increment (the "Basis") higher or lower than the Select Sector cash index close price. The Basis must be stated in full tick increments as set forth in CME Rule 36901 ("Commodity Specifications").

The futures price assigned to a DJUSRE 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 ("Trading Specifications").

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. Disclosure of Nonpublic Information Regarding Block Trades Prohibited**

Parties involved in the solicitation or negotiation of a block trade may not disclose the details of those communications or any non-public information regarding a consummated block trade to third parties. Further, no party solicited to participate in a block trade or otherwise involved in the negotiation of a block trade may trade on the basis of non-public information obtained through the solicitation or negotiation of the block trade prior to the public report of the block trade, except that the counterparties to a consummated block trade shall not be precluded from trading following the consummation of the block trade prior to the block trade being publicly reported.

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.

#### **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

CME Products	Futures	Options	Flex Options
Eurodollars (RTH)	4,000 contracts - or 1,000 contracts provided that a minimum of 1,000 contracts are transacted in yrs 6-10	10,000 contracts	Not Available
Eurodollars (ETH)	2,000 contracts – or 500 contracts provided that a minimum of 500 contracts are transacted in yrs 6-10	5,000 contracts	Not Available
Eurodollars (ATH)	1,000 contracts – or 250 contracts provided that a minimum of 250 contracts are transacted in yrs 6-10	2,500 contracts	Not Available
Eurodollar E-mini futures (RTH)	40,000 contracts	Not available	Not available
Eurodollar E-mini futures (ETH)	20,000 contracts	Not available	Not available
Eurodollar E-mini futures (ATH)	10,000 contracts	Not available	Not available
3-Month Overnight Index Swaps (OIS)(RTH)	2,000 contracts	Not available	Not available
3-Month Overnight Index Swaps (OIS)(ETH)	1,000 contracts	Not available	Not available
3-Month Overnight Index Swaps (OIS)(ATH)	500 contracts	Not available	Not available
3-Month OIS/Eurodollar spread (RTH)	4,000 contracts (all legs combined)	Not available	Not available
3-Month OIS/Eurodollar spread (ETH)	2,000 contracts (all legs combined)	Not available	Not available
3-Month OIS/Eurodollar spread (ATH)	1,000 contracts (all legs combined)	Not available	Not available
T-Bills (RTH)	100 contracts	Not available	Not available
T-Bills (ETH)	50 contracts	Not available	Not available
T-Bills (ATH)	25 contracts	Not available	Not available
Euroyen (RTH)	200 contracts	200 contracts	Not available
Euroyen (ETH)	100 contracts	100 contracts	Not available
Euroyen (ATH)	50 contracts	50 contracts	Not available
CME Products	Futures	Options	Flex Options
One-Month Eurodollar (RTH)	400 contracts	400 contracts	Not available
One-Month Eurodollar (ETH)	200 contracts	200 contracts	Not available
One-Month Eurodollar (ATH)	100 contracts	100 contracts	Not available
10-Year Sovereign Yield Spread	250 contracts	Not available	Not available

Three-Month Euribor	2,000 contracts (nearest 20 March quarterly cycle delivery months and non-March quarterly cycle delivery months)	Not available	Not available
	500 contracts (farthest 20 March quarterly cycle delivery months)		
Barclays Capital U.S. Aggregate Bond Index	50 contracts	Not available	Not available
Eurozone Harmonized Index of Consumer Prices (HICP)	50 contracts	Not available	Not available
S&P 500*	Not available	250 contracts	250 contracts
NASDAQ-100*	200 contracts - outright only	100 contracts	100 contracts
S&P SmallCap 600, E-mini S&P SmallCap 600, E-mini NASDAQ Composite Index, E-mini S&P Select Sector Stock Index	50 contracts	Not available	Not available
E-mini Yen Denominated Nikkei Stock Average Index	250 contracts	Not available	Not available
E-mini S&P CNX Nifty Index	50 contracts	Not available	Not available
E-micro S&P CNX Nifty Index	250 contracts	Not available	Not available
S&P MidCap 400*, S&P 500/Citigroup Growth, S&P 500/Citigroup Value, Nikkei 225	50 contracts	250 contracts	250 contracts
Custom Stock Index/S&P Wise US	50 contracts	Not Available	Not available
Goldman Sachs Commodity Index (GSCI), GSCI Excess Return Index	50 contracts for outright – 300 contracts for each leg of a spread transaction	Not available	Not available
EUR/USD 1-Month and 3-Month Realized Volatility	50 contracts	Not available	Not available
EUR/USD*, JPY/USD*	150 contracts	250 contracts	Not available
AUD/USD*, CAD/USD*, CHF/USD*, GBP/USD*, MXN/USD	100 contracts	250 contracts	Not available
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, USD/TRY, EUR/TRY	50 contracts	250 contracts	Not available
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)	50 contracts	Not available	Not available
Dow Jones CME FX\$INDEX	50 contracts	Not available	Not available
Weather	20 contracts	20 contracts	Not available
Housing	20 contracts	20 contracts	Not available
<b>CME Products</b>	<b>Futures</b>	<b>Options</b>	<b>Flex Options</b>
U.S. Dollar Cash Settled Crude Palm Oil	10 contracts	Not available	Not available
Cheese	20 contracts	Not available	Not available

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

CBOT Products	Futures	Options	Flex Options
2-Year Treasury Notes (RTH)	5,000 contracts**	2,000 contracts	Same as Non-Flex Options
2-Year Treasury Notes (ETH)	2,500 contracts**	1,000 contracts	Same as Non-Flex Options
2-Year Treasury Notes (ATH)	1,250 contracts**	500 contracts	Same as Non-Flex Options
3-Year Treasury Notes (RTH)	5,000 contracts**	Not available	Not available
3-Year Treasury Notes (ETH)	2,500 contracts**	Not available	Not available
3-Year Treasury Notes (ATH)	1,250 contracts**	Not available	Not available
5- and 10-Year Treasury Notes (RTH)	5,000 contracts**	7,500 contracts	Same as Non-Flex Options
5- and 10-Year Treasury Notes (ETH)	2,500 contracts**	3,750 contracts	Same as Non-Flex Options
5- and 10-Year Treasury Notes (ATH)	1,250 contracts**	1,875 contracts	Same as Non-Flex Options
U.S. Treasury Bonds (RTH)	3,000 contracts**	7,500 contracts	Same as Non-Flex Options
U.S. Treasury Bonds (ETH)	1,500 contracts**	3,750 contracts	Same as Non-Flex Options
U.S. Treasury Bonds (ATH)	750 contracts**	1,875 contracts	Same as Non-Flex Options
Long-Term (Ultra) Treasury Bonds (RTH)	2,000 contracts**	Not available	Not available
Long-Term (Ultra) Treasury Bonds (ETH)	1,500 contracts**	Not available	Not available
Long-Term (Ultra) Treasury Bonds (ATH)	750 contracts**	Not available	Not available
2-, 5- and 10-Year OTR Treasury Yield (RTH)	2,000 contracts**	Not available	Not available
2-, 5- and 10-Year OTR Treasury Yield (ETH)	1,000 contracts**	Not available	Not available
2-, 5- and 10-Year OTR Treasury Yield (ATH)	500 contracts**	Not available	Not available
30-Day Fed Funds (RTH)	2,000 contracts	1,500 contracts	Same as Non-Flex Options
30-Day Fed Funds (ETH)	1,000 contracts	750 contracts	Same as Non-Flex Options
30-Day Fed Funds (ATH)	500 contracts	375 contracts	Same as Non-Flex Options
5-, 7-, 10- and 30-Year Interest Rate Swaps (RTH)	2,000 contracts	500 contracts	Not available
5-, 7-, 10- and 30-Year Interest Rate Swaps (ETH)	1,000 contracts	500 contracts	Not available
5-, 7-, 10- and 30-Year Interest Rate Swaps (ATH)	500 contracts	500 contracts	Not available
CBOT Products	Futures	Options	Flex Options
2-Year USD IRS	3,000 contracts	Not available	Not available
5-Year USD IRS	1,500 contracts	Not available	Not available
10-Year USD IRS	1,000 contracts	Not available	Not available
30-Year USD IRS	500 contracts	Not available	Not available
Dow Jones-UBS Commodity Index Excess Return	300 contracts	Not available	Not available
Dow Jones U.S. Real Estate Index	50 contracts	Not available	Not available



<b>Ethanol</b>	<b>10 contracts</b>	<b>10 contracts</b>	<b>Not available</b>
<b>Denatured Ethanol Forward Month</b>	<b>10 contracts</b>	<b>Not available</b>	<b>Not available</b>
<b>Distillers' Dried Grain</b>	<b>10 contracts</b>	<b>Not available</b>	<b>Not available</b>
<b>Black Sea Wheat</b>	<b>10 contracts</b>	<b>Not available</b>	<b>Not available</b>

\*\* Block trading of intra-commodity Treasury, OTR Treasury Yield and 5-, 7-, 10- and 30-Year Interest Rate Swap futures calendar spreads is prohibited.

### 13. Contact Information

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

Market Regulation:	Colin Garvey, Investigations	312.435.3656
	Robert Sniegowski, Rules & Regulatory Outreach	312.341.5991
	Erin Schwartz, Rules & Regulatory Outreach	312.341.3083
CME Clearing:	CME Clearing Support	312.207.2525

For media inquiries concerning this Advisory Notice, please contact CME Group Corporate Communications at 312.930.3434 or [news@cmegroup.com](mailto:news@cmegroup.com).

### 14. 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 and options 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.