CME Group
A CME/Chicago Board of Trade/NYMEX Company

April 16, 2009

Mr. David Stawick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

> **RE:** **Launch of All-or-None Transactions in CME Three-Month Overnight Index Swap Futures**
> **CME & CBOT Market Regulation Advisory Notice RA0905-3**
> **CME Submission No. 09-062**

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby notifies the Commodity Futures Trading Commission that CME Three-Month Overnight Index Swap ("OIS") futures contracts will be added to the list of contracts eligible to be traded as All-or-None ("AON") transactions pursuant to CME Rule 521.B. on May 4, 2009. The AON minimum order quantity will be 2,000 contracts and the eligible counterparty minimum will be 10% of an AON order. A copy of the Market Regulation Advisory Notice being released on Monday, April 20, 2009, announcing the launch and providing the updated table of eligible AON products is also attached to this submission.

CME certifies that the adoption of AON trading in OIS futures complies with the Commodity Exchange Act and regulations thereunder.

Please direct inquiries regarding this submission to Daniel Grombacher at 312.634.1583 or via e-mail at daniel.grombacher@cmegroup.com or me at 312-648.5422. Please reference CME Submission No. 09-062 in any related correspondence.

Sincerely,

/s/ Stephen M. Szarmack
Director and Associate General Counsel

Attachment

MARKET REGULATION ADVISORY NOTICE

Exchange	**CME & CBOT**
Subject	**All-Or-None Transactions**
Rule References	**Rule 521.B.**
Advisory Date	**April 20, 2009**
Advisory Number	**CME & CBOT RA0905-3**
Effective Date	**May 4, 2009**

This Advisory Notice supersedes CME & CBOT Market Regulation Advisory Notice RA0901-3 issued on January 20, 2009. It is being reissued based on the launch of All-or-None trading ("AON") in CME Three-Month Overnight Index Swap ("OIS") futures on May 4, 2009. As of that date, OIS futures will be eligible to be traded as an AON with a minimum order quantity threshold of 2,000 contracts and a minimum counterparty threshold of 10% of the order.

The complete list of CME and CBOT products in which AON transactions are permitted, including the minimum quantity and counterparty thresholds, appears on pages 4 and 5 of this Advisory Notice.

Market participants are reminded of the following:

1) **AON trades may not, under any circumstances, be prearranged or otherwise involve prohibited pre-execution communications.**

Pursuant to Rule 539 ("Prearranged, Pre-negotiated and Noncompetitive Trades Prohibited"), the prearrangement of AON trades and pre-execution communications with respect to AON trades are strictly prohibited. As such, the only information that may be disclosed by any party with respect to an AON order is information that has been publicly exposed in the trading pit. Parties may not solicit potential counterparties to an AON order until the order has been openly bid or offered in the pit.

2) **AON orders must be competitively and transparently executed in the open market by open outcry.**

All AON trades must be executed openly and competitively, without prearrangement. Pursuant to Rule 521 ("Pit Trading"), bidding and offering practices must at all times be conducive to the competitive execution of trades, and members must ensure that the request for an AON market or the bid or offer for an AON order is clearly and transparently announced to the pit. Additionally, all AON bids and offers must include both quantity and price.

Additionally, in circumstances where a broker has both buy and sell AON orders for accounts with different beneficial ownership, the broker may only cross the orders pursuant to the cross procedures set forth in Rule 533 ("Simultaneous Buy and Sell Orders for Different Beneficial Owners"). Rule 533 requires the broker in these circumstances to bid and offer by open outcry the price and quantity of the AON orders three times. If neither the bid nor offer is accepted, the orders may be matched in the presence, and with the approval, of a designated Exchange official and the member executing the trade must complete the appropriate cross trade form. It is incumbent upon a member handling simultaneous AON buy and sell orders to ensure that his

bids and offers for the orders are announced clearly to the pit, and, if executed opposite each other, that the approval of the Exchange official is obtained contemporaneous with the execution of the orders.

Failure to comply with the aforementioned requirements will result in disciplinary action. CME and CBOT Rule 521.B. ("Pit Trading – All-Or-None Transactions") is set forth below. Market participants are strongly encouraged to review the list of eligible products and quantity thresholds, as well as the FAQ, to ensure an accurate understanding of the requirements for executing AON orders.

Rule 521.B. – ("Pit Trading – All-Or-None Transactions")

All-Or-None Transactions: The Exchange shall determine the minimum thresholds for and the commodities in which All-Or-None transactions shall be permitted. The following shall govern All-Or-None trading:

1. A member may request an All-Or-None bid and/or offer for a specified quantity at or in excess of the applicable minimum threshold. Such request shall be made in the pit designated for the trading of the particular transaction.

2. A member may respond by quoting an All-Or-None bid or offer price. A bid or offer in response to an All-Or-None request shall be made only when it is the best bid or offer in response to such request, but such price need not be in line with the bids and offers currently being quoted in the regular market.

3. A member shall not execute any order by means of an All-Or-None transaction unless the order includes specific instructions to execute an All-Or-None transaction or the All-Or-None bid or offer is the best price available to satisfy the terms of the order.

4. An All-Or-None bid or offer may be accepted by one or more members provided that the entire quantity of the All-Or-None order is executed at a single price and that each counterparty to the order accepts a quantity at or in excess of the designated minimum counterparty threshold. Each order executed opposite an All-Or-None order must be for a quantity that meets or exceeds the minimum counterparty threshold. Separate orders may not be bunched to meet the minimum counterparty threshold.

5. All-Or-None transactions shall not set off conditional orders (e.g., Stop Orders and MIT Orders) or otherwise affect orders in the regular market.

6. All-Or-None transactions must be reported to a designated Exchange official who shall record and publish the quantity and prices separately from reports of transactions in the regular market. The brokers executing All-Or-None transactions must maintain a record of said transaction in accordance with Rule 536.

FAQ Related to CME and CBOT Rule 521.B.
All-Or-None Transactions

Q1: **What is an All-Or-None ("AON") Order?**

A1: An AON order is an order that meets or exceeds an exchange-specified minimum quantity that can be executed only for its entire quantity and only at a single price. AON orders are permitted only in certain products and are exclusively executed in the open outcry market during regular trading hours.

Q2: **What are the significant differences between AON transactions and other futures and options trades?**

A2: 1. AON bids, offers and requests for a market must be for a quantity equal to or in excess of the specified minimum threshold level in an AON-eligible product as set forth in the tables beginning on page 4.
2. Partial fills for an AON order are not permitted.

3. The execution price of an AON order may be outside of the best bid/offer in the regular market.
4. The price at which an AON order is executed does not elect conditional orders (e.g., stop orders, limit orders, MIT orders, etc.) in the regular market or otherwise affect such orders.
5. AON transactions are reported separately from transactions in the regular market in the Time and Sales record.

Q3: **May an AON order be executed opposite more than one counterparty?**

A3: Yes. An AON order may be executed opposite multiple counterparties provided that the order is filled in its entirety at a single price and each opposing party to the order meets the designated minimum counterparty threshold. The minimum counterparty thresholds are listed in the tables beginning on page 4.

Q4: **May a broker bunch separate orders to meet the counterparty minimum?**

A4: No. *Each* order executed opposite an AON order must be for a quantity that meets or exceeds the minimum counterparty threshold.

Q5: **What is the proper procedure for initiating an AON transaction in the pit?**

A5: The initiator of the AON order may request an AON market for a specific quantity or make an AON bid/offer for a specific quantity and price. **Any requests for an AON market and all AON bids and offers must be made openly and clearly announced in the pit.**

A member may respond by quoting an AON bid and/or offer price and the quantity, at or above the designated counterparty minimum, that he is willing to trade. Brokers who have orders that independently meet the minimum counterparty quantity threshold may also bid/offer in response to a request for an AON market.

The individual representing the AON order must determine if the total quantity bid/offered is sufficient to satisfy the entire quantity of the AON order at a single price. If so, he will consummate the AON trade with the opposing market participants. Just as in the regular

market, it is the broker's responsibility to allocate quantities if there is more than one opposing party.

Q6:   May two AON orders be crossed?

A6:   AON orders to buy and sell that are for different beneficial owners and are initiated **without prearrangement** may be competitively executed opposite each other in the open market. A single broker may directly cross two AON orders provided that the cross trade procedures set forth in Rule 533 ("Simultaneous Buy and Sell Orders for Different Beneficial Owners") are followed.

Additionally, a broker executing an AON order may not take the opposite side of the order, or any portion of the order, into his own account (or an account in which he has a direct or indirect financial interest or an account over which he has discretionary trading authority) unless the customer has provided prior written consent to waive the application of Rule 531.A. ("General Prohibition") and the broker complies with the cross trade procedures set forth in Rule 533.

Q7:   May spreads or combinations be traded pursuant to the AON rule?

A7:   Yes, provided that the order meets the minimum quantity requirements set forth in the tables beginning on page 4. For products in the tables which do not specify minimum spread quantity requirements, AON intra-commodity spreads may be executed provided that **each** leg of the spread meets the AON threshold for that contract.

AON-Eligible Products and Minimum Quantity Thresholds - CME

Product	AON Minimum	Counterparty Minimum
Quarterly Eurodollar futures (years 1-5) and Serial Eurodollar futures	2,000 contracts – Per leg for calendar, butterfly and condor spreads	10% of order
Quarterly Eurodollar futures (years 6-10)	1,000 contracts Per leg for calendar, butterfly and condor spreads	10% of order
Eurodollar and Eurodollar MidCurve options*	4,000 contracts – Per leg for spreads and combinations	10% of order
Regular and rolling Eurodollar packs (years 1-5)	2,000 contracts per pack	10% of order
Regular and rolling Eurodollar packs (years 6-10)	1,000 contracts per pack	10% of order
Regular and rolling Eurodollar bundles	2,000 contracts per bundle	10% of order
Regular and rolling Eurodollar bundles (all legs fall in years 6-10, i.e., contracts 21-40)	1,000 contracts per bundle	10% of order
Three-Month Overnight Index Swap ("OIS") futures	2,000 contracts	10% of order
LIBOR futures	500 contracts	10% of order
13-Week T-Bill futures	50 contracts	10% of order
Euroyen futures	100 contracts	10% of order

Product	AON Minimum	Counterparty Minimum
Japanese Government Bond (JGB) futures	100 contracts	10% of order
All foreign currency futures and options excluding cross rates, Israeli shekel, Chinese renminbi and Korean won futures and options*	20 contracts	10% of order
All foreign currency cross rate futures and options excluding Chinese renminbi/Euro FX and Chinese renminbi/Japanese yen futures and options*	5 contracts; 5 contracts per leg in calendar spreads	5 contracts; 5 contracts per leg in calendar spreads

* AON spreads involving Eurodollar, foreign currency and foreign currency cross rate options vs futures may be executed provided that at least one option leg of the spread order meets the designated AON minimum order quantity for the option and the quantity of the futures leg is the appropriate delta equivalent.

AON-Eligible Products and Minimum Quantity Thresholds - CBOT

Product	AON Minimum	Counterparty Minimum
Interest Rate Swap futures	1,000 contracts Per leg for inter- and intra-market commodity spreads	10% of order
Interest Rate Swap futures/ Treasury futures spread	1,000 contracts Per leg for spreads	10% of order
Interest Rate Swap options*	1,000 contracts At least one leg must be ≥ 1,000	10% of order
Treasury futures	2,000 contracts Per leg for inter- and intra-market spreads	10% of order
30-Day Fed Funds futures	2,000 contracts Per leg for spreads	10% of order
Treasury and 30-Day Fed Fund options*	2,500 contracts At least one leg must be ≥ 2,500	10% of order

* AON spreads involving Treasury, 30-Day Fed Fund and Interest Rate Swap options vs futures may be executed provided that at least one option leg of the spread order meets the designated AON minimum order quantity for the option and the quantity of the futures leg is the appropriate delta equivalent.

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

Greg Benbrook, Associate Director   312.341.7619

Kathleen Zaino, Associate Director   312.435.3577