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OFFICE OF THE SECRETARIAT  
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September 23, 2009

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

**RE: NYMEX & COMEX Market Regulation Advisory Notices RA0909-4 and  
RA0910-4  
NYMEX/COMEX Submission No. 09-211**

Dear Mr. Stawick:

The New York Mercantile Exchange, Inc. ("NYMEX" or "Exchange") and Commodity Exchange, Inc. ("COMEX" or "Exchange") (collectively, "the Exchanges") hereby notify the Commodity Futures Trading Commission that they will issue NYMEX & COMEX Market Regulation Advisory Notices RA0909-4 and RA0910-4 on September 24, 2009. The Advisory Notices eliminate COMEX Aluminum futures from the list of products eligible to be traded as 1) Matched Order Transactions pursuant to Rule 524 and 2) block trades pursuant to Rule 526. Additionally, we have corrected inaccuracies concerning the trading venue for those financially settled contracts eligible to be executed as Trading at Settlement ("TAS") transactions pursuant to Rule 524. The earlier Advisory (RA0907-4 issued on September 1) incorrectly indicated the contracts traded on the CME Globex platform. The new Advisory correctly identifies them as eligible to be traded as TAS transactions in the pit.

A copy of the Advisory Notices begins on the next page.

The Exchanges certify that the Advisory Notices comply with the Commodity Exchange Act and regulations thereunder.

If you have any questions regarding the Advisory Notices, please contact Robert Sniegowski, Market Regulation, at 312.341.5991 or me at 312.648.5422. Please reference NYMEX/COMEX Submission No. 09-211 in any related correspondence.

Sincerely,

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

## MARKET REGULATION ADVISORY NOTICE

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<b>Exchange</b>	<b>NYMEX &amp; COMEX</b>
<b>Subject</b>	<b>Trading at Settlement and Matched Order Transactions</b>
<b>Rule References</b>	<b>Rule 524</b>
<b>Advisory Date</b>	<b>September 24, 2009</b>
<b>Advisory Number</b>	<b>NYMEX &amp; COMEX RA0909-4</b>

This Advisory Notice supersedes NYMEX & COMEX Market Regulation Advisory Notice RA0907-4 from September 1. It is being reissued based on the upcoming delisting of COMEX Aluminum futures on September 28, 2009, and to correct inaccuracies concerning the trading venue for those cash-settled financial contracts eligible for Trading at Settlement ("TAS").

Aluminum futures have been removed from the list of products eligible to be traded as Matched Order ("MO") Transactions pursuant to the rule based on the upcoming delisting of the contract. Additionally, the cash-settled financial contracts eligible for TAS are available for trading via open outcry but not on the CME Globex trading platform. Accordingly, those contracts now appear under the list of pit-traded contracts eligible for TAS.

Effective September 14, 2009, NYMEX & COMEX adopted new Rule 524 ("Trading at Settlement ("TAS") and Matched Order ("MO") Transactions") as a result of the harmonization of NYMEX and COMEX trade practice rules with the rules of CME and CBOT.

The commodities and contract months in which TAS and MO transactions may take place are set forth below, followed by the text of the rule.

### **Trading at Settlement ("TAS") Transactions**

TAS transactions may take place in the following futures contract months:

#### **Pit-Traded Contracts**

**Light "Sweet" Crude Oil** – spot (except on the last trading day), 2<sup>nd</sup>, 3<sup>rd</sup> and 7<sup>th</sup> months

**WTI Crude Oil Financial** – spot, 2<sup>nd</sup> and 3<sup>rd</sup> months

**Brent Crude Oil Financial** – spot, 2<sup>nd</sup> and 3<sup>rd</sup> months

**New York Harbor No. 2 Heating Oil** – spot (except on the last trading day), 2<sup>nd</sup> and 3<sup>rd</sup> months

**Heating Oil Financial** – spot, 2<sup>nd</sup> and 3<sup>rd</sup> months

**Natural Gas** – spot (except on the last trading day), 2<sup>nd</sup> and 3<sup>rd</sup> months

**Natural Gas Financial** – spot, 2<sup>nd</sup> and 3<sup>rd</sup> months

**Natural Gas Financial (Last Day)** – spot, 2<sup>nd</sup> and 3<sup>rd</sup> months

**NY Harbor Gasoline Blendstock (RBOB)** – spot (except on the last trading day), 2<sup>nd</sup> and 3<sup>rd</sup> months

**RBOB Gasoline Financial** – spot, 2<sup>nd</sup> and 3<sup>rd</sup> months

### CME Globex Contracts

Commodity Code on CME Globex	Name & Contract Months	Cleared Product
CLT	<b>Light "Sweet" Crude Oil</b> spot (except on the last trading day), 2 <sup>nd</sup> , 3 <sup>rd</sup> and 7 <sup>th</sup> months	CL
HOT	<b>Heating Oil</b> spot (except on the last trading day), 2 <sup>nd</sup> and 3 <sup>rd</sup> months	HO
NGT	<b>Natural Gas</b> spot (except on the last trading day), 2 <sup>nd</sup> and 3 <sup>rd</sup> months	NG
RBT	<b>RBOB Gasoline</b> spot (except on the last trading day), 2 <sup>nd</sup> and 3 <sup>rd</sup> months	RB
RET	<b>REBCO</b> spot (except on the last trading day), 2 <sup>nd</sup> and 3 <sup>rd</sup> months	RE

#### Matched Orders ("MO")

MO transactions may take place in the following pit-traded futures contract months:

**Copper** – spot and next four consecutive months

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

Nancy Minett, Director, 212.299.2940  
Russell Cloughen, Associate Director, 212.299.2880

#### Rule 524 ("Trading at Settlement ("TAS") and Matched Order ("MO") Transactions")

The Exchange shall determine the commodities, contract months and time periods during which TAS and MO transactions shall be permitted.

##### **524.A. Trading at Settlement ("TAS") Transactions**

The following shall govern TAS transactions:

1. TAS transactions executed in the pit must be made open and competitively pursuant to the requirements of Rule 521 during the hours designated for pit trading in the particular contract and must be identified as such on the member's trading records.
2. TAS transactions on Globex may take place at any time the applicable contracts are available for trading on Globex.
3. TAS-eligible commodities and contract months may be executed as block trades pursuant to the requirements of Rule 526 except that TAS block trades may not be executed on the last day of trading in an expiring contract.
4. TAS transactions may be executed at the current day's settlement price or at any valid price increment ten ticks higher or lower than the settlement price.

##### **524.B. Matched Order ("MO") Transactions**

The following shall govern MO transactions:

1. The price of the MO will be the settlement price for that contract.
2. Only Market on Close ("MOC") orders are eligible to trade as an MO. Members may execute an MOC order during an eligible MO time period as an MO unless specific instructions to the contrary are provided, and such instructions are denoted on the order. Failure to enter specific instructions when placing the MOC order will forfeit a customer's right to cancel the MOC, in whole or in part, if the order or

any portion of the order has been previously executed. An MOC order executed as an MO must be reported to the customer as an MO upon execution. An order entered as an MO will be executed during the closing period as an MOC order if not previously executed as an MO or specifically designated to be executed only as an MO. An order specifically designated for execution only as an MO must be designated as such at the time the order is placed.

3. Members must identify an MOC order executed as an MO on their trading record.

## MARKET REGULATION ADVISORY NOTICE

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**Exchange** NYMEX & COMEX  
**Subject** Block Trades  
**Rule References** Rule 526  
**Advisory Date** September 24, 2009  
**Advisory Number** NYMEX & COMEX RA0910-4

This Advisory Notice supersedes NYMEX & COMEX Market Regulation Advisory Notice RA0908-4 from September 21. It is being reissued based on the upcoming delisting of COMEX Aluminum futures on September 28, 2009. As a result of the delisting, Aluminum futures have been removed from the list of block-eligible products which begins on page 3 of this Advisory Notice.

Block trades in NYMEX and COMEX products are governed by Rule 526 and the information provided in this Advisory Notice.

A complete list of NYMEX and COMEX products in which block trading is permitted and the relevant quantity thresholds appear in Section 11 which begins on page 3. The text of Rule 526 appears in Section 13 which begins on page 4.

### **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. All block trades are subject to the conditions set forth in NYMEX and COMEX Rule 526 and in 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(12) 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.

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 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 11 which begins on page 4 of this Advisory Notice. In order to be executed as a block trade, each leg of the spread or combination (including intra-commodity, inter-commodity and options/futures spreads) must be block-eligible and the quantity of each leg of the spread must meet the designated minimum quantity threshold.

#### **5. TAS Block Trades**

Certain block-eligible futures contract months may be executed as block trades and assigned the current day’s settlement price or any valid price increment ten ticks higher or lower than the settlement price (“TAS block trades”). TAS block trades may not be executed on the last day of trading in an expiring contract. The products and contract months in which TAS block trades are permitted appear in Section 11 which begins on page 4.

#### **6. Block Trade Reporting Requirements**

##### **a) Time Requirements**

Block trades must be reported to the exchange by the seller within **five minutes** of the transaction.

##### **b) Reporting Methods**

Block trades must be reported to the exchange via one of the methods described below.

##### **i) CME ClearPort**

Block trades may be reported to the CME ClearPort Block Trade Facilitation Desk by calling **1.866.246.9639**. Additionally, block trades may be electronically submitted 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).

##### **ii) Trading Floor**

Block trades negotiated on the trading floor must be reported to Exchange Price Reporting Staff in the trading ring for the specific product.

When 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;
- Quantity of the trade or, for spreads and combinations, the quantity of each leg of the trade; and
- Price of the trade or, for spreads and combinations, the price of each leg of the trade.

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

COMEX block trades must be entered by the seller or his designated representative into the CME clearing system within 30 minutes of execution and must contain the material terms of the trade, including the allocation to the correct clearing firm unless the trade will clear at the seller's qualifying clearing member firm. Within 60 minutes of execution and after entry by the seller, the buyer or his designated representative must enter into the CME clearing system a time of execution for the trade, note any disagreement with any of the terms of the trade entered by the seller, and allocate the trade to the correct clearing firm unless the trade will clear at the buyer's qualifying clearing member firm. When reporting spread or combination transactions, each leg must be entered individually.

Until the transition of NYMEX products to the CME Clearing System on October 5, block trades in NYMEX products must continue to be submitted through the Trade Management System ("TMS").

## **8. Block Trade Recordkeeping**

Complete order records for block trades must be created and maintained, just as with any other transaction. However, as noted above, the time of execution of the block trade must also be recorded.

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

Block trade information is displayed on the trading floor.

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

Block trade volume is also included with other privately negotiated transactions in the daily volume reports published by the exchange.

## **10. Pre-Execution Communications**

The prohibition on prearranged trading and the requirements related to pre-execution communications with respect to certain Globex trades set forth in Rule 539 do not apply to block trades.

## **11. NYMEX & COMEX Block Trade-Eligible Products**

<b>Products</b>	<b>Futures</b>	<b>TAS-Eligible Futures Contract Months</b>	<b>Options</b>
<b>Brent Crude Oil Financial</b>	<b>100 contracts</b>	<b>spot, 2<sup>nd</sup> and 3<sup>rd</sup></b>	<b>Not available</b>
<b>Brent Crude Oil Last Day</b>	<b>100 contracts</b>		<b>Not available</b>
<b>Light "Sweet" Crude Oil</b>	<b>200 contracts</b>	<b>spot, 2<sup>nd</sup>, 3<sup>rd</sup> and 7<sup>th</sup></b>	<b>1,000 contracts</b>
<b>New York Harbor No. 2 Heating Oil</b>	<b>100 contracts</b>	<b>spot, 2<sup>nd</sup> and 3<sup>rd</sup></b>	<b>300 contracts</b>
<b>Natural Gas</b>	<b>100 contracts</b>	<b>spot, 2<sup>nd</sup> and 3<sup>rd</sup></b>	<b>1,600 contracts</b>
<b>European-Style Natural Gas</b>	<b>Not available</b>		<b>550 contracts</b>
<b>Gulf Coast Gasoline</b>	<b>100 contracts</b>		<b>Not available</b>
<b>Gulf Coast Ultra Low Sulfur Diesel</b>	<b>100 contracts</b>		<b>Not available</b>
<b>New York Harbor Ultra Low Sulfur Diesel</b>	<b>100 contracts</b>		<b>Not available</b>
<b>NY Harbor Gasoline Blendstock (RBOB)</b>	<b>100 contracts</b>	<b>spot, 2<sup>nd</sup> and 3<sup>rd</sup></b>	<b>350 contracts</b>

Products	Futures	TAS-Eligible Futures Contract Months	Options
Cocoa	100 contracts		Not available
Coffee	100 contracts		Not available
Cotton	100 contracts		Not available
Sugar 11	100 contracts		Not available
Gold	200 contracts		300 contracts
Silver	200 contracts		150 contracts
Copper	100 contracts		Not available

## **12. Contact Information**

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

Market Regulation:	Anthony Densieski, Director	212.299.2881
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).

## **13. Text of NYMEX & COMEX 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(12) 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. The seller must ensure that each block trade is reported to the Exchange within five 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.