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OFFICE OF THE SECRETARIAT  
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October 11, 2010

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 Rule 524 ("Trading at Settlement ("TAS") and Matched Order ("MO") Transactions") and Issuance of NYMEX & COMEX Market Regulation Advisory Notice RA1005-4  
NYMEX & COMEX Submission No. 10-284R**

Dear Mr. Stawick:

The New York Mercantile Exchange, Inc. ("NYMEX") and Commodity Exchange, Inc. ("COMEX") (collectively, "the Exchanges") hereby notify the Commodity Futures Trading Commission that they are submitting a revised Market Regulation Advisory Notice concerning the upcoming October 25, 2010, changes to NYMEX & COMEX Rule 524 ("Trading at Settlement ("TAS") and Matched Order ("MO") Transactions"). The Advisory Notice submitted previously contained inaccurate information with respect to Globex Pre-Open Time Periods. The new Advisory Notice being released on October 12, 2010, contains accurate information with respect to the time periods during which the initiation of the entry of TAS orders into Globex is prohibited.

As of October 25, 2010, NYMEX & COMEX will permit the entry of TAS orders on CME Globex at anytime the applicable contracts are available for trading on CME Globex and during each contract's prescribe pre-open time period. The entry of TAS orders on CME Globex outside these times periods will be prohibited.

Also on October 25, MO transactions in pit-traded Copper futures will be eligible to be executed in the spot month and next six consecutive contract months at any time the Copper futures pit is open for trading, with the exception of the post close session. MO transactions are priced at that day's settlement price for the contract. In order to execute a Copper futures order as an MO, such instructions must be denoted on the order and the member must identify orders executed as MO transactions on their trading record.

NYMEX & COMEX will issue Market Regulation Advisory Notice RA1005-4 on October 12, 2010, advising the marketplace of the revisions and announcing the October 25 effective date.

The revisions to Rule 524 appear below with additions underlined and deletions overstruck.

**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 order transactions on Globex may be entered take place on Globex at any time the applicable contracts are available for TAS trading on Globex and during each TAS contract's prescribed pre-open time period. The initiation of any TAS order on Globex outside these time periods is prohibited.~~
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

MO transactions are open outcry trades competitively executed pursuant to Rule 521 where the price of the trade is that day's settlement price for the contract.

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 at any time during pit trading hours except during the post close session. Members may execute an order as an MO provided the order is placed as an MO, 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 Market on Close 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.~~

A copy of the revised Advisory Notice begins on the next page.

NYMEX & COMEX certify that the revisions to Rule 524 and the Advisory Notice comply with the Commodity Exchange Act and regulations thereunder.

If you have any questions regarding the changes or the Advisory Notice, please contact Robert Sniegowski, Market Regulation, at 312.341.5991 or me at 312.648.5422. Please reference NYMEX & COMEX Submission No. 10-284R in any related correspondence.

Sincerely,

/s/ Stephen M. Szarmack  
Regulatory Counsel

## MARKET REGULATION ADVISORY NOTICE

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Exchange	NYMEX & COMEX
Subject	Trading at Settlement and Matched Order Transactions
Rule References	Rule 524
Advisory Date	October 12, 2010
Advisory Number	NYMEX & COMEX RA1005-4
Effective Date	October 25, 2010

This Advisory Notice supersedes NYMEX & COMEX Market Regulation Advisory Notice RA1003-4 from April 12, 2010, and is being issued based on revisions to NYMEX & COMEX Rule 524 ("Trading at Settlement ("TAS") and Matched Order ("MO") Transactions") that become effective on **Monday, October 25, 2010**. The revisions address 1) the time period during which TAS orders in TAS-eligible products may be entered on CME Globex and 2) the number of contract months and the time period during which Copper futures orders may be executed via open outcry as MO transactions in the Copper futures pit. Additional information concerning these changes is set forth below. The text of Rule 524 that becomes effective on October 25 appears on page 7 of this Advisory Notice.

### Entry of TAS Orders on CME Globex

Effective October 25, 2010, Rule 524 will be amended to permit the entry of TAS orders into Globex at any time the applicable contracts are available for TAS trading on Globex and during each TAS contract's prescribed pre-open time period. **Beginning October 25, the initiation of any TAS order on Globex outside these time periods will be prohibited.** Information on those time periods during which TAS orders **may not** be initiated on Globex ("No-Activity Periods") is included in the list that begins on page 4 of this Advisory Notice.

### MO Transactions in Pit-Traded Copper Futures

MO transactions in Copper futures are open outcry trades competitively executed in the Copper futures pit where the trade is priced at that day's settlement price for the contract. Effective on October 25, MO transactions in Copper futures will be eligible to be executed in the spot month and the next six consecutive contract months. Additionally, with the exception of the post close session, members may execute an MO order at any time the Copper futures pit is open for trading, provided that the order is placed as an MO order. Regular trading hours for open outcry trading in the Copper futures pit are from 8:10 a.m. until 1:00 p.m. Eastern Time ("ET").

Instructions to execute the order as an MO must be denoted on the order and members must identify an order executed as an MO on their trading record.

An order entered as an MO will be executed by the floor broker as a Market on Close order if the order is not previously executed as an MO or specifically designated to be executed only as an MO. An instruction to execute an order only as an MO must be communicated at the time the order is placed.

### General Information on TAS and MO Transactions

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. MO transactions in pit-traded Copper futures will be priced at that day's settlement price for the contract.

All market participants are reminded that misuse of TAS (including TAS block trades) or MO trades to acquire a position in order to unfairly affect or attempt to unfairly affect a settlement price may subject the member and/or the market participant to disciplinary action for any of a number of rule violations, including, but not limited to:

- price manipulation or attempted price manipulation
- wash trading
- conduct substantially detrimental to the interests or welfare of the exchange

Any Market Regulation Department investigation of suspected manipulative pricing involving TAS or MO trades will include review of such positions acquired by market participants and **whether the offset of those positions during the close was disruptive, collusive, and/or caused or attempted to cause aberrant price movement during the close.**

### TAS Calendar Spreads

Intra-commodity calendar spreads in the nearby month/second month spread, the second month/third month spread and the nearby month/third month spread in Light Sweet Crude Oil, New York Harbor No. 2 Heating Oil, Henry Hub Natural Gas and RBOB Gasoline may be executed on CME Globex or on the trading floor and priced at TAS.

The pricing of the legs of a TAS calendar spread will be calculated as follows:

- The nearby leg of the spread will always be priced at the settlement price determined by the Exchange for that contract month.
- The far leg of the spread will be priced at the settlement price determined by the Exchange for that contract **minus** the allowable TAS price increment traded (negative 10 through positive 10), except in circumstances where the traded TAS price is the actual settlement price of the contract.

#### Example 1:

A May 2010/June 2010 (K/M) Light Sweet Crude Oil calendar spread trades at TAS -1. Assume the May contract settles at 82.17 and the June contract settles at 82.59.

The May leg will be priced at the May settlement price of 82.17. The June leg will be priced at 82.60, which is the June settlement price of 82.59 minus the TAS price increment of -1 (82.59 minus -.01 = 82.60).

#### Example 2:

A June 2010/July 2010 (M/N) New York Harbor No. 2 Heating Oil calendar spread trades at TAS +/- 0. Assume the June contract settles at 2.1408 and the July contract settles at 2.1572.

The June leg will be priced at the June settlement price of 2.1408. The July leg will be priced at 2.1572, which is the July settlement price.

### Example 3:

A May 2010/July 2010 (K/N) Henry Hub Natural Gas calendar spread trades at TAS +3. Assume the May contract settles at 3.916 and the July contract settles at 4.101.

The May leg will be priced at the May settlement price of 3.916. The July leg will be priced at 4.098, which is the July settlement price of 4.101 minus the TAS price increment of +3 (4.101 minus +.003 = 4.098).

### TAS on Gold and Silver Futures

TAS transactions are allowed in the active contract month in Gold and Silver futures. In Gold futures, the active contract months are February, April, June, August and December. In Silver futures, the active contract months are March, May, July, September and December. On any given date, TAS transactions in Gold and Silver futures will be allowed only in a single contract month. Additional information on identifying the active month in Gold and Silver futures is included in CME Group Special Executive Report S-5166.

### TAS-Eligible Products and 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  
nearby/second month, second/third month and nearby/third month calendar spreads

#### **Brent Crude Oil Last Day Financial**

spot (except on the last trading day)

#### **New York Harbor No. 2 Heating Oil**

spot (except on the last trading day), 2<sup>nd</sup> and 3<sup>rd</sup> months  
nearby/second month, second/third month and nearby/third month calendar spreads

#### **Henry Hub Natural Gas**

spot (except on the last trading day), 2<sup>nd</sup> and 3<sup>rd</sup> months  
nearby/second month, second/third month and nearby/third month calendar spreads

#### **Henry Hub Natural Gas Swap**

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

#### **RBOB Gasoline**

spot (except on the last trading day), 2<sup>nd</sup> and 3<sup>rd</sup> months  
nearby/second month, second/third month and nearby/third month calendar spreads

#### **European Gasoil (ICE)**

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

#### **NYMEX Crude Oil Backwardation/Contango (B/C) Index**

spot (except on the last trading day)

**NYMEX Crude Oil MACI Index**

spot (except on the last trading day)

**COMEX Gold**

February, April, June, August and December contract months (current active month only)

**COMEX Silver**

March, May, July, September and December contract months (current active month only)

CME Globex Contracts

Commodity Code on CME Globex	Name, Contract Months & CME Globex Pre-Open Period	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 and nearby/second month, second/third month and nearby/third month calendar spreads <b>No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	CL
BZT	<b>Brent Crude Oil Last Day Financial</b> spot (except on the last trading day) <b>No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	BZ
BBT	<b>Brent Crude Oil Penultimate Financial</b> Spot, 2 <sup>nd</sup> and 3 <sup>rd</sup> months <b>No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	BB
HOT	<b>New York Harbor No. 2. Heating Oil</b> spot (except on the last trading day, 2 <sup>nd</sup> and 3 <sup>rd</sup> months and nearby/second month, second/third month and nearby/third month calendar spreads <b>No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	HO
NGT	<b>Henry Hub Natural Gas</b> spot (except on the last trading day), 2 <sup>nd</sup> and 3 <sup>rd</sup> months and nearby/second month, second/third month and nearby/third month calendar spreads <b>No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	NG

CME Globex Contracts - continued

Commodity Code on CME Globex	Name, Contract Months & CME Globex Pre-Open Period	Cleared Product
NNT	<b>Henry Hub Natural Gas Swap</b> spot (except on the last trading day), 2 <sup>nd</sup> and 3 <sup>rd</sup> months <b>No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	NN
RBT	<b>RBOB Gasoline</b> spot (except on the last trading day), 2 <sup>nd</sup> and 3 <sup>rd</sup> months and nearby/second month, second/third month and nearby/third month calendar spreads <b>No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	RB
7FT	<b>European Gasoil (ICE)</b> spot (except on the last trading day), 2 <sup>nd</sup> and 3 <sup>rd</sup> months <b>No-Activity Periods: 12:00 p.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>12:00 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	7F
KTT	<b>NYMEX Coffee</b> spot (except on the last trading day) <b>No-Activity Periods: 12:30 p.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>12:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	KT
CJT	<b>NYMEX Cocoa</b> spot (except on the last trading day) <b>No-Activity Periods: 11:50 a.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>11:50 a.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	CJ
TTT	<b>NYMEX Cotton</b> spot (except on the last trading day) <b>No-Activity Periods: 2:15 p.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>2:15 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	TT
YOT	<b>NYMEX No. 11 Sugar</b> spot (except on the last trading day) <b>No-Activity Periods: 12:30 p.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>12:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	YO

CME Globex Contracts - continued

Commodity Code on CME Globex	Name, Contract Months & CME Globex Pre-Open Period	Cleared Product
XCT	<b>NYMEX Crude Oil MACI Index</b> spot (except on the last trading day) <b>No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	XC
RET	<b>REBCO</b> spot (except on the last trading day), 2 <sup>nd</sup> and 3 <sup>rd</sup> months <b>No-Activity Periods: 2:30 p.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>2:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	RE
GCT	<b>COMEX Gold</b> February, April, June, August and December contract months (current active month only) <b>No-Activity Periods: 1:30 p.m. – 5:45 p.m. (ET) Monday – Thursday</b> <b>1:30 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	GC
SIT	<b>COMEX Silver</b> March, May, July, September and December contract months (current active month only) <b>No-Activity Periods: 1:25 p.m. – 5:45 p.m. (ET) Monday - Thursday</b> <b>1:25 p.m. (ET) Friday – 5:15 p.m. (ET) Sunday</b>	SI

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

Nancy Minett, Director, Investigations, 212.299.2940

Russell Cloughen, Associate Director, Investigations, 212.299.2880

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).



## Text of 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 orders may be entered on Globex at any time the applicable contracts are available for TAS trading on Globex and during each TAS contract's prescribed pre-open time period. The initiation of any TAS order on Globex outside these time periods is prohibited.
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**

MO transactions are open outcry trades competitively executed pursuant to Rule 521 where the price of the trade is that day's settlement price for the contract.

The following shall govern MO transactions:

1. Members may execute an MO at any time during pit trading hours except during the post close session. Members may execute an order as an MO provided the order is placed as an MO and such instructions are denoted on the order. An order entered as an MO will be executed during the closing period as a Market on Close 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.
2. Members must identify an order executed as an MO on their trading record.