

October 23, 2012

**VIA E-MAIL**

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

**RE: Regulation 40.6(a) Rule Certification. Chicago Mercantile Exchange Inc./The Board of Trade of the City of Chicago, Inc./New York Mercantile Exchange, Inc. & Commodity Exchange, Inc.  
Submission # 12-351: Revisions to Rule 526 ("Block Trades") and Issuance of CME & CBOT Market Regulation Advisory Notice RA1203-3 and NYMEX & COMEX Market Regulation Advisory Notice RA1205-4**

Dear Ms. Warfield:

Chicago Mercantile Exchange Inc. ("CME"), The Board of Trade of the City of Chicago, Inc. ("CBOT"), New York Mercantile Exchange, Inc. ("NYMEX") and Commodity Exchange, Inc. ("COMEX") (collectively, the "Exchanges") are notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that they are self-certifying revisions to each Exchange's Rule 526 ("Block Trades"). Rule 526 is being modified to provide additional clarity regarding the party responsible for the price reporting obligation to the Exchanges attendant to the execution of block trades. Specifically, we are adding language to the Rule that clarifies it is the seller's responsibility to make the price report unless otherwise agreed to by the principal counterparties to the block trade, except that in a circumstance where the block trade is a brokered transaction, the price reporting obligation is the responsibility of the broker.

Based on the recent establishment of block trade minimum thresholds in several hundred NYMEX contracts, we adopted a 15 minute price reporting requirement for these products as opposed to the five minute reporting requirement historically applicable to the core energy and metal futures and options that were block-eligible. As a result of the transition of a significant amount of business in these products from execution as a transitory Exchange for Risk ("EFR") or Exchange of Options for Options ("EOO") to block trades, market participants have advised that the entry of block spread and combination transactions that include options into CME ClearPort have encountered significant challenges in ensuring that the submission is made within five minutes in the event one of the legs includes a legacy block-eligible futures or options contract subject to a five minute reporting requirement. In order to address this issue, we are adopting revisions to NYMEX and COMEX Rule 526.F. to extend the five-minute window in all NYMEX and COMEX options, including any options/futures spreads, to 15 minutes.

In connection with these changes, on October 24, 2012, CME & CBOT and NYMEX & COMEX will issue revised Market Regulation Advisory Notices concerning block trades. Additionally, in response to questions from market participants, we have incorporated additional regulatory guidance concerning the disclosure of counterparty identities and block trade terms in the revised Advisory Notices. With respect to parties involved in the solicitation or negotiation of a block trade, we indicate that they may disclose neither the details of those communications nor any non-public information regarding a consummated block trade to third parties. Further, we indicate that 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, except that the principal counterparties to a consummated block trade are not precluded from trading following the consummation of the block trade and prior to the block trade being publicly reported. Additionally, we added language that 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.

The revisions to Rule 526 will be effective on November 7, 2012. The revisions to Rule 526 appear in Exhibit A, CME & CBOT Market Regulation Advisory Notice RA1203-3 ("RA1203-3") appears in Exhibit B and NYMEX & COMEX Market Regulation Advisory Notice RA1205-4 ("RA1205-4") appears in Exhibit C.

The Market Regulation Department and the Legal Department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("Act"). During the review, we have identified that the changes described above may have some bearing on the following Core Principles:

Compliance with Rules: The Market Regulation Advisory Notices being issued provide additional guidance to the marketplace on the abusive practice of disclosure. We have clarified that brokers may not disclose the identity of their customer on whose behalf they are negotiating execution of a block trade without the customer's permission. Additionally, we have clarified that parties involved in the solicitation or negotiation of a block trade may disclose neither the details of those communications nor any non-public information regarding a consummated block trade to third parties. Lastly, we restrict a party solicited to participate in a block trade or otherwise involved in the negotiation of a block trade from trading on the basis of non-public information obtained through the solicitation or negotiation of the block trade, except that the principal counterparties to a consummated block trade shall not be precluded from trading following the consummation of the block trade and prior to the block trade being publicly reported.

Availability of General Information: As required by this Core Principle, the Exchanges are issuing revised Market Regulation Advisory Notices attendant to the execution of block trades in advance of the November 6, 2012, effective date of the rule revisions.

Protection of Market Participants: The guidance concerning disclosure mentioned in connection with Core Principle 2 above is intended to ensure that parties involved in the solicitation and negotiation of block trades have adequate notice that misuse of the information obtained during those discussions is not allowed. The restriction on the use of non-public order information is expressly intended to ensure that market participants are not harmed by agents or others who have access to information concerning the block trade, and, as such, ensures that the Exchanges have established rules to protect market participants from abusive practices.

The Exchange certifies that the revisions to Rule 526 and the issuance of RA1203-3 and RA1205-4 comply with the Act and regulations thereunder. There were no substantive opposing views to this proposal.

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 have any questions regarding this submission, please contact Robert Sniegowski, Market Regulation, at 312.341.5991 or via email at [Robert.Sniegowski@cmegroup](mailto:Robert.Sniegowski@cmegroup) or Erin Schwartz, Market Regulation, at 312.341.3083 or via email at [Erin.Schwartz@cmegroup.com](mailto:Erin.Schwartz@cmegroup.com). Alternatively, you may contact me at 312.930.8167 or via email at [Sean.Downey@cmegroup.com](mailto:Sean.Downey@cmegroup.com). Please reference CME/CBOT/NYMEX/COMEX Submission # 12-351 in any related correspondence.

Sincerely,

/s/ Sean Downey  
Director & Assistant General Counsel

Attachments: Exhibit A – Revisions to Rule 526  
Exhibit B – RA1203-3  
Exhibit C – RA1205-4

# Exhibit A

## CME

### Rule 526. Block Trades

[The introduction and Sections A. – E. are unchanged.]

F. 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. ~~The seller~~ 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.

[The remainder of the Rule is unchanged.]

## CBOT

### Rule 526. Block Trades

[The introduction and Sections A. – E. are unchanged.]

F. 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. ~~The seller~~ 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.

[The remainder of the Rule is unchanged.]

## NYMEX/COMEX

### Rule 526. Block Trades

[The introduction and Sections A. – E. are unchanged.]

F. 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. ~~The seller~~ must ensure that each block trade is reported to the Exchange within five minutes of the time of execution in the following futures products: Brent Crude Financial ~~futures~~, Brent Crude Oil Last Day Financial ~~futures~~, Light Sweet Crude Oil ~~futures and options~~, Gulf Coast Sour Crude Oil ~~futures~~, New York Harbor ULSD Heating Oil ~~futures and options~~, Henry Hub Natural Gas ~~futures and options~~, ~~Henry Hub Natural Gas Look-Alike options~~, RBOB Gasoline ~~futures and options~~, Cocoa ~~futures~~, Coffee ~~futures~~, Cotton ~~futures~~, No. 11 Sugar ~~futures~~, Gold ~~futures and options~~, Silver ~~futures and options~~ and Copper ~~futures~~. In all other block-eligible futures products and all block-eligible options products, the seller must ensure that each block trade is reported to the Exchange 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.

[The remainder of the Rule is unchanged.]

# Exhibit B

## MARKET REGULATION ADVISORY NOTICE

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Exchange	CME & CBOT
Subject	Block Trades
Rule References	Rule 526
Advisory Date	October 24, 2012
Advisory Number	CME & CBOT RA1203-3
Effective Date	November 7, 2012

This Advisory Notice supersedes CME & CBOT Market Regulation Advisory Notice RA1202-3 issued on June 11, 2012. It is being issued to notify the marketplace that pending all relevant regulatory review periods, effective on trade date **November 7, 2012**, CME and CBOT will adopt the following revisions to Rule 526 ("Block Trades") and the associated guidance:

- 1) clarify that unless otherwise agreed to by the principal counterparties to the block trade, the price reporting obligation is the responsibility of the seller, or, in the case of a brokered transaction, the broker handling the block trade (see Section 5b); and
- 2) clarify prohibitions on disclosure and the use of non-public information related to block trades (see Section 10).

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. All block trades are subject to the conditions set forth in CME and CBOT Rule 526 and in this Advisory Notice. Additionally, BTIC 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 11 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, 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 Interest Rate Swap Futures

***Intra-commodity calendar spread block trades are prohibited in CBOT U.S. Treasury futures, OTR Treasury Yield and 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, Interest Rate Swap and 10-Year Sovereign Yield Spread Futures

In U.S. Treasury, OTR Treasury Yield, 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) 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) Interest Rate Block Trades during European or Asian hours (ETH or ATH)

Interest rate block trades executed during (ETH or ATH) must be price reported to the Exchange within **15 minutes** of the transaction. 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 and Housing Block Trades

Block trades in weather and housing contracts must be price reported to the Exchange within **15 minutes** of the transaction.

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) Globex Control Center (“GCC”)

All block trades (except for BTIC block trades in CME Select Sector futures and CBOT DJUSRE futures and 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

BTIC block trades in CME Select Sector futures and CBOT DJUSRE futures must be price reported electronically directly to CME Clearing via CME ClearPort. Block trades in other block-eligible contracts may also 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").

**Market participants that transact BTIC block trades should be aware that the only acceptable method for price reporting and submitting BTIC block trades to CME Clearing is through CME ClearPort, and the entry of the trade into CME ClearPort must occur within five minutes of the agreement of the parties to execute the trade in order to comply with the price reporting requirements of CME Rule 526.F.** It is not permissible for market participants to price report BTIC block trades to the Global Command Center ("GCC") and separately enter the block trades into Front-End Clearing ("FEC") as is allowed for other block trades in CME and CBOT products. Market participants should also be aware that entry of block trades into CME ClearPort requires registration. Additional information on registration for CME ClearPort is available on the CME Group website.

BTIC block trades must be reported to the Exchange via CME ClearPort 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 Non-public 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

<b>CME Products</b>	<b>Futures</b>	<b>Options</b>	<b>Flex Options</b>
<b>Eurodollars (RTH)</b>	<b>4,000 contracts - or 1,000 contracts provided that a minimum of 1,000 contracts are transacted in yrs 6-10</b>	<b>10,000 contracts</b>	<b>Not Available</b>
<b>Eurodollars (ETH)</b>	<b>2,000 contracts – or 500 contracts provided that a minimum of 500 contracts are transacted in yrs 6-10</b>	<b>5,000 contracts</b>	<b>Not Available</b>
<b>Eurodollars (ATH)</b>	<b>1,000 contracts – or 250 contracts provided that a minimum of 250 contracts are transacted in yrs 6-10</b>	<b>2,500 contracts</b>	<b>Not Available</b>
<b>Eurodollar E-mini futures (RTH)</b>	<b>40,000 contracts</b>	<b>Not available</b>	<b>Not available</b>
<b>Eurodollar E-mini futures (ETH)</b>	<b>20,000 contracts</b>	<b>Not available</b>	<b>Not available</b>
<b>Eurodollar E-mini futures (ATH)</b>	<b>10,000 contracts</b>	<b>Not available</b>	<b>Not available</b>
<b>3-Month Overnight Index Swaps (OIS)(RTH)</b>	<b>2,000 contracts</b>	<b>Not available</b>	<b>Not available</b>
<b>3-Month Overnight Index Swaps (OIS)(ETH)</b>	<b>1,000 contracts</b>	<b>Not available</b>	<b>Not available</b>
<b>3-Month Overnight Index Swaps (OIS)(ATH)</b>	<b>500 contracts</b>	<b>Not available</b>	<b>Not available</b>
<b>3-Month OIS/Eurodollar spread (RTH)</b>	<b>4,000 contracts (all legs combined)</b>	<b>Not available</b>	<b>Not available</b>
<b>3-Month OIS/Eurodollar spread (ETH)</b>	<b>2,000 contracts (all legs combined)</b>	<b>Not available</b>	<b>Not available</b>

<b>3-Month OIS/Eurodollar spread (ATH)</b>	<b>1,000 contracts (all legs combined)</b>	<b>Not available</b>	<b>Not available</b>
<b>T-Bills (RTH)</b>	<b>100 contracts</b>	<b>Not available</b>	<b>Not available</b>
<b>T-Bills (ETH)</b>	<b>50 contracts</b>	<b>Not available</b>	<b>Not available</b>
<b>T-Bills (ATH)</b>	<b>25 contracts</b>	<b>Not available</b>	<b>Not available</b>
<b>CME Products</b>	<b>Futures</b>	<b>Options</b>	<b>Flex Options</b>
<b>Euroyen (RTH)</b>	<b>200 contracts</b>	<b>200 contracts</b>	<b>Not available</b>
<b>Euroyen (ETH)</b>	<b>100 contracts</b>	<b>100 contracts</b>	<b>Not available</b>
<b>Euroyen (ATH)</b>	<b>50 contracts</b>	<b>50 contracts</b>	<b>Not available</b>
<b>One-Month Eurodollar (RTH)</b>	<b>400 contracts</b>	<b>400 contracts</b>	<b>Not available</b>
<b>One-Month Eurodollar (ETH)</b>	<b>200 contracts</b>	<b>200 contracts</b>	<b>Not available</b>
<b>One-Month Eurodollar (ATH)</b>	<b>100 contracts</b>	<b>100 contracts</b>	<b>Not available</b>
<b>10-Year Sovereign Yield Spread</b>	<b>250 contracts</b>	<b>Not available</b>	<b>Not available</b>
<b>Three-Month Euribor</b>	<b>2,000 contracts (nearest 20 March quarterly cycle delivery months and non-March quarterly cycle delivery months)</b>	<b>Not available</b>	<b>Not available</b>
	<b>500 contracts (farthest 20 March quarterly cycle delivery months)</b>		
<b>Barclays Capital U.S. Aggregate Bond Index</b>	<b>50 contracts</b>	<b>Not available</b>	<b>Not available</b>
<b>Eurozone Harmonized Index of Consumer Prices (HICP)</b>	<b>50 contracts</b>	<b>Not available</b>	<b>Not available</b>
<b>S&amp;P 500*</b>	<b>Not available</b>	<b>250 contracts</b>	<b>250 contracts</b>
<b>NASDAQ-100*</b>	<b>200 contracts - outright only</b>	<b>100 contracts</b>	<b>100 contracts</b>
<b>S&amp;P SmallCap 600, E-mini S&amp;P SmallCap 600, E-mini NASDAQ Composite Index, E-mini S&amp;P Select Sector Stock Index, E-mini Yen Denominated Nikkei Stock Avg Index</b>	<b>50 contracts</b>	<b>Not available</b>	<b>Not available</b>
<b>E-mini S&amp;P CNX Nifty Index</b>	<b>50 contracts</b>	<b>Not available</b>	<b>Not available</b>
<b>E-micro S&amp;P CNX Nifty Index</b>	<b>250 contracts</b>	<b>Not available</b>	<b>Not available</b>

TRAKRS Indexes	100,000 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 500	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
CME Products	Futures	Options	Flex Options
International Skimmed Milk Powder	20 contracts	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, NOK/USD, SEK/USD	50 contracts	Not available	Not available
Dow Jones CME FX\$INDEX	50 contracts	Not available	Not available
Weather	20 contracts	20 contracts	Not available
Wood Pulp	25 contracts	25 contracts	Not available
Housing	20 contracts	20 contracts	Not available
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
<b>CBOT Products</b>	<b>Futures</b>	<b>Options</b>	<b>Flex Options</b>
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
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

<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 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.



# Exhibit C

## MARKET REGULATION ADVISORY NOTICE

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<b>Exchange</b>	<b>NYMEX &amp; COMEX</b>
<b>Subject</b>	<b>Block Trades</b>
<b>Rule References</b>	<b>Rule 526</b>
<b>Advisory Date</b>	<b>October 24, 2012</b>
<b>Advisory Number</b>	<b>NYMEX &amp; COMEX RA1205-4</b>
<b>Effective Date</b>	<b>October 30, 2012 &amp; November 7, 2012</b>

This Advisory Notice supersedes NYMEX & COMEX Market Regulation Advisory Notice RA1204-4 from October 17, 2012. It is being issued to notify the marketplace that pending all relevant regulatory review periods, **effective on trade date November 7, 2012**, NYMEX and COMEX will adopt the following revisions to Rule 526 (“Block Trades”) and the associated guidance:

- 1) extend to 15 minutes the time period within which block trades involving all NYMEX and COMEX options products, including options/futures spreads, must be reported (see Section 6a);
- 2) clarify that unless otherwise agreed to by the principal counterparties to the block trade, the price reporting obligation is the responsibility of the seller, or, in the case of a brokered transaction, the broker handling the block trade; (see Section 6b);
- 3) permit the reporting of block trades to the CME ClearPort Facilitation Desk via email (see Section 6c); and
- 4) clarify prohibitions on disclosure and the use of non-public information related to block trades (see Section 10).

Additionally, as previously communicated in NYMEX & COMEX Market Regulation Advisory Notice RA1204-4, and pending all relevant regulatory review periods, the following changes will become **effective on trade date October 30, 2012**:

- COMEX will reduce block trade minimum thresholds in three core metals futures contracts and two core metals options contracts;
- NYMEX and COMEX will begin to permit block trading in an additional 26 metals products; and
- NYMEX will increase the block trade minimum threshold in the following four power products from 1 contract to 5 contracts:
  - NYISO Zone A Peak LBMP futures (KA)
  - NYISO Zone G Peak LBMP futures (KG)
  - NYISO Zone J Peak LBMP futures (KJ)
  - PJM 50 MW Calendar-Month LMP options (PML)

A complete list of NYMEX and COMEX products in which block trading is permitted and the relevant quantity thresholds are available on the CME Group website via the following link:

[NYMEX & COMEX Block Trade-Eligible Products and Minimum Quantity Thresholds](#)

The text of Rule 526 appears in Section 13 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. 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(18) 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 which is available on the CME Group website via the following link:

[NYMEX & COMEX Block Trade-Eligible Products and Minimum Quantity Thresholds](#)

- a) Intra-Commodity Futures Spreads and Futures Combinations and Intra-Commodity Options Spreads and Options Combinations

These spreads and combination transactions may be executed as block trades provided that the sum of the quantities of the legs of the transaction meets the minimum block quantity threshold.

- b) Inter-Commodity Futures Spreads and Futures Combinations and Inter-Commodity Options Spreads and Options Combinations

These spreads and combination transactions may be executed as block trades provided that the sum of the quantities of the legs of the transaction meets the larger of the threshold requirements for the underlying products.

c) Options/Futures Spreads

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.

## **5. TAS & TAM 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"). Additionally, certain block-eligible futures contract months may also be executed as block trades and assigned the current day's marker price or any valid price increment ten ticks higher or lower than the marker price ("TAM block trades").

Additionally, intra-commodity calendar spreads in the nearby month/second month spread and the second month/third month spread may be executed as TAS or TAM block trades provided that the underlying product is eligible for TAS or TAM trading.

The pricing of the legs of a TAS or TAM calendar spread block trade will be calculated as follows:

- The nearby leg of the spread will always be priced at the settlement or marker price, as applicable, for that contract month.
- The far leg of the spread will be priced at the settlement or marker price, as applicable, for that contract **minus** the allowable TAS or TAM price increment traded (-10 through +10), except in circumstances where the traded TAS or TAM price is the actual settlement or marker price of the contract.

TAS block trades, including eligible TAS calendar spread block trades, may not be executed on the last day of trading in an expiring contract.

The products and contract months in which TAS and TAM block trades are permitted are set forth in the list of block trade eligible products which is available on the CME Group website via the following link:

[NYMEX & COMEX Block Trade-Eligible Products and Minimum Quantity Thresholds](#)

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

### **a) Time Requirements**

Block trades in the following list of products must be price reported to the exchange within **five minutes** of the transaction.

- Brent Crude Oil Penultimate Financial futures (BB)
- Brent Crude Oil Last Day Financial futures (BZ)
- Light Sweet Crude Oil futures (CL)
- Gulf Coast Sour Crude Oil futures (MB)
- New York Harbor ULSD Heating Oil futures (HO)
- Henry Hub Natural Gas futures (NG)
- RBOB Gasoline futures (RB)
- NYMEX Cocoa, Coffee, Cotton and No. 11 Sugar futures (CJ, KT, TT and YO)
- Gold futures (GC)
- Silver futures (SI)
- Copper futures (HG)

Block trades in all other block-eligible NYMEX and COMEX products must be price reported to the exchange within **15 minutes** of the transaction. If the block transaction involves a spread or combination that includes certain legs subject to a five minute reporting requirement and other legs subject to a 15 minute reporting requirement, the reporting requirement for the transaction will be 15 minutes.

#### 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 methods described below:

##### i) CME ClearPort

Block trades may be electronically submitted directly to CME Clearing via CME ClearPort.

Block trades may also be price reported to the CME ClearPort Facilitation Desk by calling **1.866.246.9639** or via email at [FacDesk@cmegroup.com](mailto:FacDesk@cmegroup.com). In either case, all of the data and information elements required in d) below must be submitted.

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) CME Direct

Block Trades may be electronically submitted to CME Clearing via entry on the CME Direct platform, which will satisfy the price reporting requirement. The CME Direct platform is directly connected to CME ClearPort. For information on submitting Block Trades through CME Direct, please contact CME Direct Support at [CMEDirectSupport@cmegroup.com](mailto:CMEDirectSupport@cmegroup.com).

##### iii) Trading Floor

Block trades negotiated on the trading floor must be price reported to exchange staff at the Master Pulpit.

#### d) Information Required when Reporting Block Trades

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;
- Price of the trade or, for spreads and combinations, the price of each leg of the trade;
- Buyer’s clearing firm and seller’s clearing firm;
- Name and phone number of the party reporting the trade (for block trades reported on the trading floor or reported via telephone or email to the CME ClearPort Facilitation Desk);
- For block trades reported via phone or email to the CME ClearPort Facilitation Desk, counterparty name and contact information must also be provided for trade verification purposes; and
- Execution time (in Eastern Time) of the trade (i.e. the time at which the trade was consummated)

## 7. Block Trade Submission Requirements to CME Clearing

Block trades reported to the trading floor 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 30 minutes 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. Separate submission to the CME clearing system is not required in the event that the block trade is directly entered into CME ClearPort, CME Direct or reported to the CME ClearPort Facilitation Desk.

## **8. 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 be recorded.

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

The date, execution time, contract month, price and quantity of block trades are displayed on the CME Group website at the following link: [Block Trades](#).

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.

## **10. Disclosure of Non-public 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. Contact Information**

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

Market Regulation:	Russell Cloughen, Director	212.299.2880
	Robert Sniegowski, Senior Director	312.341.5991
	Erin Schwartz, Sr. Rules & Regulatory Outreach Specialist	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).

### **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(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. 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 the Exchange within five minutes of the time of execution in the following futures products: Brent Crude Financial, Brent Crude Oil Last Day Financial, Light Sweet Crude Oil, Gulf Coast Sour Crude Oil, New York Harbor ULSD Heating Oil, Henry Hub Natural Gas, RBOB Gasoline, Cocoa, Coffee, Cotton, No. 11 Sugar, Gold, Silver and Copper. In all other block-eligible futures products and all block-eligible options products, the seller must ensure that each block trade is reported to the Exchange 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 adviser registered or exempt from registration under the Investment Advisers 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 adviser 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.