

# OneChicago ✕

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November 30, 2009

C.F.T.C.  
OFFICE OF THE SECRETARIAT  
2009 DEC 1 AM 11 55

Mr. David Stawick  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

Re: **New OCX Rule 422 and 423 - Security Futures Products Rule  
Submission and Rule Certification**

Dear Mr. Stawick:

On behalf of OneChicago, LLC ("OCX" or "Exchange"), and pursuant to section 5c(c)(1) of the Commodity Exchange Act, as amended (the "Act"), and section 41.24 of the regulations promulgated by the Commission under the Act, submitted herewith are new **Rules 422 and 423**, the Transfer of Trades and Concurrent Long and Short Positions. These two rules are based on CME Group Rules 853 and 854.

Presently the Exchange's rules provide little guidance regarding the issues covered by these proposed rules. Proposed Rule 422 provides the Exchange with procedures and regulatory oversight for the transfer of trades in a manner to ensure the integrity of the market. With respect to proposed Rule 423, there is presently no guidance regarding the offsetting of concurrent long and short positions. Rule 412, Application and Closing Out of Offsetting Positions, provides guidance for registered futures commission merchants by referencing Commission Regulation §1.46. Nevertheless, we believe a more complete rule is required. Accordingly, we are submitting Rules 422 and 423.

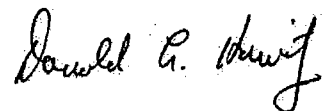
The proposed new rules are included as Attachment A. Because this is entirely new material, the text is underlined (     ).

These Rules will become effective on December 1, 2009.

There are no opposing views that are not incorporated into this rule amendment.

On behalf of OCX, I hereby certify that the amendment complies with the Act and the regulations promulgated thereunder.

Sincerely,

A handwritten signature in black ink, appearing to read "Donald L. Horwitz". The signature is written in a cursive, slightly slanted style.

Donald L. Horwitz  
Managing Director and General Counsel

Encl: Attachment A

**422. Transfer of Trades**

(a) Subject to the limitations of 423, existing trades may be transferred either on the books of a clearing member or from one clearing member to another clearing member provided:

(i) The transfer merely constitutes a change from one account to another account provided the underlying beneficial ownership in said accounts remains the same; or

(ii) An error has been made in the reporting or clearing of a trade and the error is discovered and the transfer is completed within two business days after the trade date, subject to Section (c), below.

(b) Subject to the limitations of Rule 423, the Exchange may, upon request by the clearing member(s), approve a transfer of existing trades either on the books of the same clearing member, or from the books of one clearing member to the books of another clearing member if the transfer is in connection with, or as a result of, a merger, asset purchase, consolidation or similar non-recurring transaction between two or more entities where one or more entities become the successor in interest to one or more other entities.

(c) Exchange staff may, with the consent of the clearing member(s) involved, permit the transfer of existing trades if, in the Exchanges opinion, the situation so requires and such transfer is in the best interests of the Exchange.

(d) Provided that the transfer is permitted pursuant to Sections A., B. or C. above, the transactions must be recorded and carried on the books of the receiving firm at the original trade dates. Transactions may be transferred using either the original trade price or the most recent settlement price.

(e) All transfers shall be reported to the clearing corporation in a form acceptable to the Exchange for the type of transactions involved. The proper indicator must be included in the transfer such that the transactions, including the transaction(s) to reverse an error, clear as transfers. The clearing members involved shall maintain a full and complete record of all transactions together with all pertinent memoranda.

423. Concurrent Long And Short Positions

(a) Concurrent long and short positions in the same commodity and month may be held by a clearing member at the direction of a customer or on behalf of an omnibus account; however it shall be the duty of the clearing member to ascertain whether such positions are intended for offset or to be held open prior to final transmission of position data to the Clearing Corporation.

(b) Concurrent long and short positions in physically delivered contracts that are held by the same owner during the last five days of trading must be offset by transactions executed in the market, by allowable privately negotiated transactions, or fulfilled through the normal delivery process, provided however that trades may be transferred for offset if the trade date of the position being transferred is the same as the transfer date. Such positions may not be offset via netting, transfer, or position adjustment except to correct a bona fide clerical or operational error on the day the error is identified and provided that the quantity of the offset does not represent more than one percent of the reported open interest in the affected futures contract month.

(c) Clearing members who, pursuant to this rule, carry concurrent long and short positions must report to the Exchange both sides as open positions. When either side or both sides are reduced in accordance with Section B. of this rule, the open positions as reported to the Exchange must be reduced accordingly.

(d) The Exchange takes no position regarding the internal bookkeeping procedures of its clearing members that, for the convenience of a customer, may "hold open" a position only on their books. However, the clearing member must accurately report to the Exchange and the Clearing Corporation, as appropriate, large trader positions, long positions eligible for delivery and open interest.

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