

March 21, 2014

**VIA E-MAIL**

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

**RE: CFTC Regulation 40.6(a) Certification. Establishment of Block Trade Minimum Thresholds in Four (4) New Products and Issuance of CME & CBOT Market Regulation Advisory Notice RA1402-3. CME/CBOT Submission No. 14-104**

Dear Ms. Jurgens:

Chicago Mercantile Exchange Inc. ("CME") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying the establishment of a 20 contract block trade minimum threshold in the following four new weather products effective on Sunday, April 6, 2014, for trade date Monday, April 7, 2014, concurrent with the launch of trading in the new product.

<b>Product Title</b>	<b>Block Trade Minimum Threshold</b>
CME Hurricane Index Second Event Seasonal Maximum futures	20 contracts
Options on CME Hurricane Index Second Event Seasonal Maximum futures	20 contracts
CME Hurricane Index Second Event Seasonal Maximum Cat-in-a-Box futures	20 contracts
Options on CME Hurricane Index Second Event Seasonal Maximum Cat-in-a-Box futures	20 contracts

As a result of establishing block-eligibility in these products, CME and The Board of Trade of the City of Chicago, Inc. ("CBOT") (collectively, the "Exchanges") are notifying the Commission that they are self-certifying the issuance of CME & CBOT Market Regulation Advisory Notice RA1402-3 ("RA1402-3") concerning Rule 526 ("Block Trades"). RA1402-3 will be disseminated to the marketplace on Monday, March 24, 2014.

The block trade minimum threshold of 20 contracts in the weather futures and options contracts are consistent with the existing block trade minimum threshold applicable to all CME weather futures and options products.

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 ("CEA" or "Act"). During the review, we have identified that the establishment of a 20 contract block trade minimum threshold in the new weather futures and options products and the issuance of RA1402-3 may have some bearing on the following Core Principles:

**Compliance with Rules:** The Market Regulation Advisory Notice being issued provides additional guidance to the marketplace on the regulatory requirements attendant to block trades. This

guidance is intended to assist market participants in remaining in compliance with Rule 526 and is therefore in compliance with this Core Principle.

Availability of General Information: As required by this Core Principle, the Exchanges are publicly issuing RA1402-3 to ensure that market participants have updated guidance and information attendant to block trades. The Advisory Notice will also be available on the CME Group website.

Execution of Transactions: Core Principle 9 permits a designated contract market (“DCM”) to authorize for bona fide business purposes transactions executed away from the DCM’s centralized marketplace, and the Exchanges have established block levels in a wide array of futures and options products for quite some time. The block trade minimum threshold in the new weather futures and options products is consistent with the block trade minimum threshold applicable to all CME weather futures and options products. The block trade minimum threshold is intended to provide eligible contract participants with an additional execution mechanism for the new product as a means of generating activity in the new product. These products will also be available for competitive execution; futures on CME Globex and options via open outcry on the trading floor.

CME certifies that the block trade minimum threshold in the new weather products and the Exchanges certify that the issuance of RA1402-3 comply with the Act and regulations thereunder. There were no substantive opposing views to this proposal. RA1402-3 appears as Exhibit A.

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 me at 212-299-2200 or via e-mail at [Christopher.Bowen@cmegroup.com](mailto:Christopher.Bowen@cmegroup.com). Please reference CME/CBOT Submission No. 14-104 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A – RA1402-3

## Exhibit A

### MARKET REGULATION ADVISORY NOTICE

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<b>Exchange</b>	<b>CME &amp; CBOT</b>
<b>Subject</b>	<b>Block Trades</b>
<b>Rule References</b>	<b>Rule 526</b>
<b>Advisory Date</b>	<b>March 24, 2014</b>
<b>Advisory Number</b>	<b>CME &amp; CBOT RA1402-3</b>
<b>Effective Date</b>	<b>April 7, 2014</b>

This Advisory Notice supersedes CME & CBOT Market Regulation Advisory Notice RA1401-3 from March 3, 2014. It is being issued to notify the marketplace that pending all relevant regulatory review periods, CME will begin to permit block trading in the following new products concurrent with launch of trading in the new products on Sunday, April 6, 2014, for trade date Monday, April 7, 2014.

Product Title	Block Trade Minimum Threshold
CME Hurricane Index Second Event Seasonal Maximum futures	20 contracts
Options on CME Hurricane Index Second Event Seasonal Maximum futures	20 contracts
CME Hurricane Index Second Event Seasonal Maximum Cat-in-a-Box futures	20 contracts
Options on CME Hurricane Index Second Event Seasonal Maximum Cat-in-a-Box futures	20 contracts

Additionally, based on the March 17, 2014, delisting of CME E-mini Three-Month Eurodollar futures, that product has been deleted from the list of CME block-eligible products set forth in Section 12.

No other substantive information in this Advisory Notice has been changed.

CME and CBOT products in which block trading is permitted, and the relevant quantity thresholds, appear in Section 12, and the text of CME and CBOT 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.

It shall not be permissible to facilitate the execution of block trades in Exchange-traded products on a system or facility accessible to multiple parties that allows for the electronic matching of or the electronic acceptance of bids and offers. Parties may use communication technologies to bilaterally request block quotes from one or more participants and to conduct privately negotiated block trades. Parties may also utilize technologies supported by third parties which allow for the electronic posting of indicative block markets displayed to multiple market participants. However, block trades executed between parties on the basis of such electronically displayed indicative markets may be transacted only through direct bilateral communications involving the broker, where applicable, and the parties to the trade.

All block trades are subject to the conditions set forth in CME and CBOT Rule 526 and in this Advisory Notice. Additionally, BTIC (“Basis Trade at Index Close”) block trades in CME E-mini S&P Select Sector Stock Index futures, CME S&P MLP Index futures and CBOT Dow Jones US Real Estate Index futures are also subject to the requirements set forth in CME Rule 36906.A. (“BTIC Block Trade Requirements”), CME Rule 37506.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 (“E-mini S&P Select Sector Stock Index Futures – Basis Trade at Index Close (“BTIC”) Transactions”), CME Rule 37506 (“S&P MLP Index Futures – Basis Trade at Index Close (“BTIC”) Transactions”) or CBOT Rule 30107 (“Dow Jones US Real Estate Index Futures – 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 12 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, S&P GSCI, S&P GSCI ER and Dow Jones-UBS Roll Select Commodity Index 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 Futures

##### ***Intra-commodity calendar spread block trades are prohibited in CBOT U.S. Treasury 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) S&P GSCI, S&P GSCI ER and Dow Jones-UBS Roll Select Commodity Index Futures

For the above-referenced futures products, the block trade minimum is 300 contracts for each leg of the spread or combination. For example, the minimum quantity for an S&P GSCI calendar spread would require 300 contracts in each leg of the spread for a total of 600 contracts while a Dow Jones-UBS Roll Select Commodity Index futures butterfly would require a minimum volume of 1,200 contracts (300 contracts in each of the four legs of the butterfly).

#### 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 and 10-Year Sovereign Yield Spread Futures

In U.S. Treasury 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) Deliverable Interest Rate Swap Futures ("DSF")

Inter-commodity futures spreads or combinations composed only of DSF (e.g., 2-Year DSF v. 10-Year DSF) 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 block trade thresholds for 2-Year DSF and 10-Year DSF are 3,000 and 1,000 contracts, respectively. Thus, a spread between these two contracts may be executed as a block trade if the sum of the quantities of the legs is at least 3,000 contracts.

Inter-commodity futures spreads or combinations excluding those composed only of DSF (e.g., 10-Year Treasury Notes vs. 10-Year DSF) 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 block trade thresholds for 10-Year Treasury Note futures and 10-Year DSF during RTH are 5,000 contracts and 1,000 contracts, respectively. A spread between these two contracts can be executed as a block trade, therefore, only if the quantity of the 10-Year Treasury Note leg is at least 5,000 contracts and the quantity of the 10-Year DSF leg is at least 1,000 contracts.

#### iv) 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) Block Trades during European or Asian hours (ETH or ATH) in Interest Rate Products **Excluding** DSF

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

Block trades in Weather, Housing and DSF contracts must be price reported to the Exchange within **15 minutes** of the transaction.

Notwithstanding the foregoing, the execution of any inter-commodity block spread or combination trade that includes a DSF leg(s) and a leg(s) subject to a 5 minute price reporting requirement requires that the block spread or combination trade be reported within 5 minutes of execution.

#### 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) Global Command Center (“GCC”)

All block trades (except for 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

Block trades in all products with the exception of CME Weather futures and CME E-mini NASDAQ Biotechnology Index futures 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).

##### 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 (for block trades reported to the GCC 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 (to the nearest minute in Central Time) of the trade. The execution time is the time at which the trade was consummated.

Market participants must exercise diligence in accurately reporting the execution time of the block trade. The reporting of inaccurate execution times may result in disciplinary action.

#### **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 PCS deadline for CME and CBOT products 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 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 E-mini S&P Select Sector Stock Index futures, S&P MLP Index futures and Dow Jones US Real Estate Index 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 E-mini S&P Select Sector Stock Index futures, CME Chapter 375 for S&P MLP Index futures and CBOT Chapter 30 for Dow Jones US Real Estate Index 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 an E-mini S&P Select Sector Stock Index futures BTIC block trade will be based on the current day's S&P Select Sector cash index close price, or the current day's S&P Select Sector cash index close price adjusted by any valid price increment (the "Basis") higher or lower than the S&P Select Sector cash index close price. The Basis must be stated in full tick increments as set forth in CME Rule 36901 ("Contract Specifications").

The futures price assigned to an S&P MLP Index futures BTIC block trade will be based on the current day's S&P MLP cash index close price, or the current day's S&P MLP cash index close price adjusted by any valid price increment higher or lower than the S&P MLP cash index close price. The Basis must be stated in full tick increments as set forth in CME Rule 37502.C. ("Price Increments").

The futures price assigned to a Dow Jones US Real Estate Index 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.C. ("Price Increments").

BTIC block trades must be reported to the Exchange 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. Use of Nonpublic Information Regarding Block Trades**

Parties involved in the solicitation or negotiation of a block trade may not disclose the details of those communications to any other party for any purpose other than to facilitate the execution of the block trade. Parties privy to nonpublic information regarding a consummated block trade may not disclose such information to any other party prior to the public report of the block trade by the Exchange. 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.

Pre-hedging or anticipatory hedging of any portion of a block trade in the same product or a closely-related product based upon a solicitation to participate in a block trade is not permitted. A closely related product is a product that is highly correlated to, serves as a substitute for, or is the functional economic equivalent of the product being traded as a block.

Counterparties to a block trade are permitted to initiate trades to hedge or offset the risk associated with the block trade following the consummation of the block trade, including during the period preceding the public report of the block trade by the Exchange.

Except as provided above, parties privy to nonpublic information attendant to a block trade are prohibited from trading in the same product or a closely-related product for the purpose of taking advantage of such information prior to the public report of the block trade by the Exchange. This prohibition is not intended to preclude such parties from continuing to transact in the marketplace in the context of their normal business; rather, it precludes parties in possession of actionable nonpublic information regarding an imminent block trade or report of a block trade from specifically using such information to their advantage. Information regarding a block trade is considered to be nonpublic until such time that the block trade details have been disseminated to the marketplace by the Exchange or the information can otherwise be demonstrated to have become stale or obsolete.

Parties solicited to provide a two-sided block market are not deemed to be in possession of nonpublic information provided that side of market interest is not disclosed in the context of the solicitation.

## **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 years 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 years</b>	<b>5,000 contracts</b>	<b>Not Available</b>

6-10			
Eurodollars (ATH)	1,000 contracts – or 250 contracts provided that a minimum of 250 contracts are transacted in years 6-10	2,500 contracts	Not Available
3-Month Overnight Index Swaps (OIS)(RTH)	2,000 contracts	Not available	Not available
3-Month Overnight Index Swaps (OIS)(ETH)	1,000 contracts	Not available	Not available
3-Month Overnight Index Swaps (OIS)(ATH)	500 contracts	Not available	Not available
3-Month OIS/Eurodollar spread (RTH)	4,000 contracts (all legs combined)	Not available	Not available
3-Month OIS/Eurodollar spread (ETH)	2,000 contracts (all legs combined)	Not available	Not available
3-Month OIS/Eurodollar spread (ATH)	1,000 contracts (all legs combined)	Not available	Not available
T-Bills (RTH)	100 contracts	Not available	Not available
T-Bills (ETH)	50 contracts	Not available	Not available
T-Bills (ATH)	25 contracts	Not available	Not available
Euroyen (RTH)	200 contracts	200 contracts	Not available
Euroyen (ETH)	100 contracts	100 contracts	Not available
Euroyen (ATH)	50 contracts	50 contracts	Not available
One-Month Eurodollar (RTH)	400 contracts	400 contracts	Not available
One-Month Eurodollar (ETH)	200 contracts	200 contracts	Not available
One-Month Eurodollar (ATH)	100 contracts	100 contracts	Not available
Three-Month Euribor	2,000 contracts (nearest 20 March quarterly cycle delivery months and non-March quarterly cycle delivery months) 500 contracts (farthest 20 March quarterly cycle delivery months)	Not available	Not available
10-Year Sovereign Yield Spread	250 contracts	Not available	Not available
Barclays Capital U.S. Aggregate Bond Index	50 contracts	Not available	Not available
Eurozone Harmonized Index of Consumer Prices (HICP)	50 contracts	Not available	Not available
S&P 500*	Not available	250 contracts	250 contracts
NASDAQ-100*	200 contracts - outright only	100 contracts	100 contracts
S&P SmallCap 600, E-mini S&P SmallCap 600, E-mini NASDAQ Composite Index, E-mini S&P Select Sector Stock Index, S&P MLP Index, USD Denominated Ibovespa, E-mini NASDAQ Biotechnology Index	50 contracts	Not available	Not available
E-mini Yen Denominated Nikkei Stock Average Index	250 contracts	Not available	Not available
E-mini S&P CNX Nifty Index	50 contracts	Not available	Not available

E-micro S&P CNX Nifty Index	250 contracts	Not available	Not available
S&P MidCap 400*, S&P 500/Citigroup Growth, S&P 500/Citigroup Value, Nikkei 225 (including Yen-denominated Nikkei 225)	50 contracts	250 contracts	250 contracts
S&P GSCI, S&P GSCI ER	50 contracts for outright – 300 contracts for each leg of a spread transaction	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*	100 contracts	250 contracts	Not available
MXN/USD	100 contracts	50 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	50 contracts	50 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, INR/USD, NOK/USD, SEK/USD, USD/RMB (STD), USD/TRY, EUR/TRY, USD/ZAR	50 contracts	Not available	Not available
Realized Variance: AUD/USD, GBP/USD, EUR/USD, JPY/USD	10 contracts	Not available	Not available
Dow Jones CME FX\$INDEX	50 contracts	Not available	Not available
Weather	20 contracts	20 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.

CBOT Products	Futures	Options	Flex Options
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
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**	800 contracts	Same as Non-Flex Options
Long-Term (Ultra) Treasury Bonds (ETH)	1,500 contracts**	600 contracts	Same as Non-Flex Options
Long-Term (Ultra) Treasury Bonds (ATH)	750 contracts**	300 contracts	Same as Non-Flex Options
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
2-Year DSF	3,000 contracts	Not available	Not available
5-Year DSF	1,500 contracts	Not available	Not available
10-Year DSF	1,000 contracts	Not available	Not available
30-Year DSF	500 contracts	Not available	Not available
Dow Jones-UBS Commodity Index	300 contracts	Not available	Not available
Dow Jones-UBS Roll Select Commodity Index	50 contracts for outright – 300 contracts for each leg of a spread transaction	Not available	Not available
Dow Jones US Real Estate Index	50 contracts	Not available	Not available
Ethanol	10 contracts	10 contracts	Not available
Denatured Ethanol Forward Month	10 contracts	Not available	Not available
Distillers' Dried Grain	10 contracts	Not available	Not available
Black Sea Wheat	10 contracts	Not available	Not available

\*\* Block trading of intra-commodity Treasury futures calendar spreads is prohibited.

### **13. 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.

#### **14. Contact Information**

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

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