

## Chapter 6 General Trading Rules

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#### 6.1 Scope of Rules

- (A) The provisions of this Chapter 6, where relevant, shall apply to all Members, DEA Customers and Authorised Terminal Users, and to any other individual or entity in connection with accessing the Trading Platform and trading the Exchange Contracts.
- (B) This Chapter 6 shall in no way limit the applicability of any provision of the Regulatory Law, the DFSA Rulebook, or any other laws, rules or regulations applicable to a Person in connection with trading on the Exchange.

#### 6.2 CME Global Command Center

##### (A) Customer Support

The CME Global Command Center (the **GCC**) provides customer support and problem management only to Members and DEA Customers with respect to Exchange Contracts traded on the Trading Platform. In order to be eligible for GCC support, parties must register with the GCC (the **Registered Contacts**). The GCC provides customer support via a specified telephone number and during specified hours published on the CME website. There is no obligation on DME to ensure that GCC employees will be available to assist during those hours. Parties other than Registered Contacts must contact their Clearing Members to make requests for support by GCC.

(B) **GCC Communications**

The Exchange shall not be liable for any loss resulting from any inability to communicate with the GCC. The liability of the Exchange for the negligent acts of GCC staff shall be subject to Rule 6.29. In no event, however, shall the Exchange be liable for the negligence of the GCC if the party claiming to have suffered a loss could have secured the support it sought from GCC through its own administrative terminal, its Clearing Member's terminal or the terminal of an Independent Software Vendor (**ISV**). For purposes of this Rule 6.2(B), a party is deemed able to take action through its own administrative terminal, a Clearing Member's terminal or an ISV's terminal unless such terminal was inoperative or such terminal service was interrupted at the time the GCC took action.

(C) **Order Status**

(1) A Person who believes he has received an incorrect order status or does not receive an appropriate status shall immediately notify the GCC. In the event that the GCC and an Exchange system, service or facility provide conflicting information relating to an order status, a person may only reasonably rely on the information received from the GCC. Additionally, such Person shall take any necessary and appropriate market action to mitigate any potential losses arising from the incorrect order status or lack of appropriate order status immediately after the Person knew or should have known that the order status information was incorrect or should have been received.

(2) Any liability for the Exchange for incorrect order status shall be subject to Rule 6.29.

**6.3 Rights and access to the Trading Platform**

(A) No Person shall be allowed access to the Trading Platform without a unique User ID that has been assigned to that Person and in no event shall a Member or DEA Customer allow any Person to access the Trading Platform unless that Person is using their own unique User ID.

(B) Each Member and DEA Customer shall be responsible for all activity resulting from the use of a Password and/or User ID which has been assigned to an Authorised Terminal User of that respective Member or DEA Customer. Each Member and DEA Customer shall take such steps as are necessary to prohibit unauthorised use of a Password and/or User ID.

(C) No Member or DEA Customer may enter an order, or permit entry of an order onto the Trading Platform under a Password and/or User ID other than by the Person to whom that Password and/or User ID has been assigned by its Clearing Member.

(D) A Person who has been assigned a Password and/or User ID must not disclose that Password and/or User ID to any other Person or knowingly permit the use of that Password and/or User ID by any other Person.

(E) Each Member or DEA Customer shall notify the Exchange immediately upon becoming aware of:

- (1) any unauthorised disclosure or use of any Password and/or User ID assigned to its Authorised Terminal Users;
- (2) any unauthorised access to the Trading Platform; or
- (3) the need to deactivate any Password assigned to its Authorised Terminal Users.

(F) No Member or DEA Customer shall have any rights to the Trading Platform or any information, content or data (including without limitation bids and offers, price and other trading data and including trademarks, service marks, copyrights and all other intellectual property rights) thereon. Members and DEA Customers may use the Trading Platform solely for the purposes set out in these Rules and will have no other rights with respect to the Trading Platform or other proprietary property of DME or its service providers. Each Member and DEA Customer hereby assigns all such interest as it may now or in the future have in relation to any copyright in all such information, content or data. Further, each Member and DEA Customer undertakes to take such actions as the Exchange may request

from time to time at the Exchange's expense to vest in the Exchange or its nominee title to the items provided for in this Rule 6.3.

- (G) DME grants each Member and DEA Customer a non-exclusive, non-transferable, revocable licence for access to the Trading Platform (including the utilisation of any hardware, software, systems and/or communications links furnished by the Exchange from time to time as part of the Trading Platform to allow Members and DEA Customer to post bids and offers on the Trading Platform).
- (H) No Member, DEA Customer or Authorised Terminal User may:
  - (1) in whole or in part copy, modify, reverse engineer, reverse assemble or reverse compile any Trading Platform provided to it from time to time or any of the information, content or data displayed thereon or issued by the Trading Platform;
  - (2) distribute, rent, sell, retransmit, redistribute, release or re-licence any Trading Platform provided to it from time to time or any part thereof to any third party (other than to its Affiliates and agents subject to and in accordance with these Rules) and will not, without the Exchange's prior written consent, redistribute all or any portion of the information, content or data on the Trading Platform, provided, however, that such consent shall not be required for reproduction or re-transmission of any part of the data on the Trading Platform for the administration, regulatory and client reporting purposes of the Member or DEA Customer (as the case may be) and its Authorised Terminal Users, in each case subject to applicable law;
  - (3) use or grant access to the Trading Platform in any jurisdiction in which to do so would be illegal or prohibited or in a jurisdiction which is not included in a list maintained by the Exchange for this purpose from time to time.
- (I) Members and DEA Customers may obtain access to the Trading Platform via the Internet or by other means via a Certified Application in accordance with the terms on which Certified Application applies, provided that:
  - (1) with regard to access to the Trading Platform via the Internet, each Member and DEA Customer will select its own Internet service provider and will bear all applicable costs associated with establishing and maintaining such access, including any fees charged by its Internet service provider; and
  - (2) with regard to access via other means, all costs of establishing and maintaining such connection and all risk of any malfunction thereof shall be borne entirely by the Member or DEA Customer, as the case may be.
- (J) The Exchange may monitor access to and utilisation of the Trading Platform by any Person. This will be done solely for the Exchange's own purposes.

#### **6.4 Responsibilities for orders entered on the Trading Platform**

- (A) All connections to the Trading Platform, including direct connections of DEA Customers, must be guaranteed by a Clearing Member that assumes financial responsibility for all activity through the connection. With respect to transactions given up to other Clearing Members, such guarantee is effective only until such time that the other Clearing Member accepts the trade.
- (B) Clearing Members shall assist the Exchange and its authorised agents in any investigation into potential violations of the Rules or the actions which occur through a connection to the Trading Platform guaranteed by the Clearing Member. Such assistance must be timely and may include, but not be limited to, requiring any Member, DEA Customer or other Customer to produce documents, to answer questions from the Exchange, and/or to appear in connection with an investigation.
- (C) Clearing Members shall suspend or terminate a Member or DEA Customer's access to the Trading Platform if the Exchange determines that their actions threaten the integrity or liquidity of any Exchange Contract or violate the Rules or regulations of the Exchange, DFSA or DIFC or any other jurisdiction, or if such Member or DEA Customer fails to cooperate in any investigation.

- (D) If a Clearing Member has actual or constructive notice of a violation of the Rules or regulations of the Exchange, DFSA, DIFC or any other jurisdiction in connection with the use of the Trading Platform by the Member or DEA Customer for whom the Clearing Member has authorised a direct connection and the Clearing Member fails to take appropriate action, the Clearing Member may be found to have committed an act detrimental to the interest or welfare of the Exchange.
- (E) Where a Member whose access to the Trading Platform is guaranteed by a Clearing Member (the **Qualifying Clearing Member**) is placing orders through access to the Trading Platform provided by another Clearing Member (the **Access Clearing Member**), the Qualifying Clearing Member may terminate such Member's ability to place orders through the Trading Platform by notifying the Access Clearing Member, and the Access Clearing Member will be (1) responsible for ensuring that the Member does not place orders through the Trading Platform, and (2) required to comply with instructions by the Qualified Clearing Member that such access be discontinued.
- (F) A Member or DEA Customer is prohibited from directly or indirectly guaranteeing the execution of an order or any of its terms such as the quantity or price. A Member or DEA Customer may only report an execution that has occurred through the Trading Platform or has been executed as a permissible privately negotiated transaction. This Rule 6.4(F) shall not be construed to prevent a Member or DEA Customer from assuming or sharing in the losses resulting from an error or the mishandling of an order.

## **6.5 Exchange Trading Day**

- (A) The Trading Day on the Exchange has one (1) Trading Session. The Trading Session may open before the start of the calendar day and close after the end of the calendar day to which the Trading Day relates.
- (B) Without prejudice to Rules 4.25 and 4.26, the Exchange may be closed for one (1) or more days or Trading Sessions at any time by a vote of the Board.

## **6.6 Hours for trading**

The Board shall establish the hours of trading for each Exchange Contract on the Exchange and all such trading shall take place within those prescribed hours.

## **6.7 Standard forms of orders**

Each Member and DEA Customer shall ensure that:

- (1) it agrees with any Customer placing an order with the Member or DEA Customer in relation to an Exchange Contract how that order should be treated;
- (2) such treatment is supported by the facilities of the Member or DEA Customer for accessing the Trading Platform (including any Certified Application); and
- (3) it obtains from the Customer all of the information required to enable the Member or DEA Customer to input the details for the order required by Rule 6.9.

## **6.8 Scope of trading privileges**

- (A) An Authorised Terminal User may enter orders on the Exchange only for an account of the Member or DEA Customer that has registered him as one (1) of its Authorised Terminal Users and for the account of any Customers of that Member or DEA Customer.
- (B) Members or DEA Customers who may trade for or on behalf of a Customer may enter "bunched orders" only in accordance with Rule 6.14.
- (C) Only a Person with trading discretion over multiple accounts may place an order with a Member or DEA Customer to be allocated after execution.

## **6.9 Acceptance of orders for entry into the Trading Platform**

- (A) A Member, DEA Customer or Authorised Terminal User may not accept any order for execution on the Trading Platform unless such order includes the following details:
- (1) commodity;
  - (2) Contract Month;
  - (3) purchase or sale;
  - (4) account number (or certification that the order is for multiple accounts to be allocated later);
  - (5) quantity;
  - (6) any limit price;
  - (7) Clearing Member who holds the account for the relevant Customer or for the Member or DEA Customer if trading on its own account or for the account of Affiliates or on an Omnibus Account basis; and
  - (8) strike prices, put or call (for Options).
- (B) When a Member or DEA Customer receives an order from a Customer, or decides to enter a Discretionary Order permitted under Rule 4.21(J), that Member or DEA Customer must, whether or not an Authorised Firm, promptly make a record of the receipt of the order including the information set out in COB App 1 Rule A1.1.1. Where a Member or DEA Customer executes a transaction, that Member or DEA Customer must, whether or not an Authorised Firm, promptly make a record of the information set out in COB App1 Rule 1.1.2. Where a Member or DEA Customer passes a Customer order to another Person for execution, that Member or DEA Customer must, whether or not an Authorised Firm, promptly make a record of the information set out in COB App1 Rule A1.1.3.
- (C) For any bunched order (placed in accordance with Rule 6.14) or any other order known to be an order for multiple accounts to be allocated after execution, the account number of the Member or DEA Customer, followed by the suffix "999", shall be entered in satisfaction of paragraph (A)(4) of this Rule 6.9. The Member or DEA Customer shall procure details of the actual Clearing Members and customer account numbers in respect of such order no later than 08:30 (UAE time) on the Trading Day following the day in which the transaction was executed.
- (D) No Person may knowingly record false account number information in connection with any order submitted to the Exchange.
- (E) Unless otherwise agreed, all orders received for execution on the Exchange shall be deemed to be cancelled if not executed during the Trading Session for which they were received.

## **6.10 General requirements for orders entered into the Trading Platform**

- (A) Each Member or DEA Customer entering orders into the Trading Platform shall input for each order (1) the User ID and/or Password assigned by the Clearing Member and (2) the price, quantity, product, expiration month, CTI code, automated or manual indicator (TAG 1028) and account number (except as provided in Rule 6.14) and, for Options, put or call and strike price. The User ID must be present on each order entered. For a Member or DEA Customer with access pursuant to Rule 6.3, Clearing Members authorising such access to the Trading Platform will be responsible for the Member or DEA Customer's compliance with this Rule 6.10(A).
- (B) With respect to orders received by a Member or DEA Customer which are capable of being immediately entered into the Trading Platform, no record other than that set forth above need be made. However, if a Member or DEA Customer receives an order which cannot be immediately entered into the Trading Platform, the Member or DEA Customer must prepare a written order and include the account designation, date, time of receipt and other information required pursuant to Rule 6.10(A) above and the order must be entered into the Trading Platform when it becomes executable.

(C) **Electronic Audit Trail Requirements for Electronic Order Routing/Front-End Systems**

- (1) Clearing Members guaranteeing a connection to the Trading Platform are responsible for maintaining or causing to be maintained the order routing/front-end audit trail for all electronic orders, including order entry, modification, cancellation and responses to such messages (the **electronic audit trail**) entered into the Trading Platform through the CME iLink gateway. This electronic audit trail must be maintained for a minimum of six (6) years and Clearing Members must have the ability to produce this data in a standard format upon request of any of the parties set forth in Rule 2.26.
- (2) This electronic audit trail must contain all order receipt, order entry, order modification, and response receipt times to the highest level of precision achievable by the operating system, but at least to the one hundredth (1/100<sup>th</sup>) of a second. The times captured must not be able to be modified by the Person entering the order. The data must also contain all fix tag information and fields which should include, but is not limited to a record of all fields relating to order entry, including transaction date, product, Exchange code, expiration month, quantity, order type, order qualifier, price buy/sell indicator, stop/trigger price, order number, unique transaction number, account number, session ID, Tag 50 ID, automated or manual indicator (TAG 1028), host order number, trader order number, Clearing Member, type of action, action status code, customer type, indicator, origin and timestamps. For executed orders the audit trail must record the execution time of the trade along with all fill information.
- (3) In the case where the Clearing Member has a Customer that is another Clearing Member, the Clearing Member may notify the client Clearing Member that it is their obligation to maintain the electronic audit trail. Upon execution of this written notice, it shall be the duty of the client Clearing Member to maintain an electronic audit trail pursuant to this Rule 6.10(C).

**6.11 Disclosing orders prohibited**

No Member or DEA Customer shall disclose another Person's order to buy or sell except to a designated Exchange official of any of the parties set forth in Rule 2.26, and no Person shall solicit or induce another Person to disclose order information. No Member or DEA Customer shall take action or direct another to take action based on non-public order information, however acquired. The mere statement of opinions or indications of the price at which a market may open or resume trading does not constitute a violation of this Rule.

**6.12 Use of Customer Omnibus Accounts by Clearing Members**

The Exchange does not restrict Clearing Members from establishing and maintaining Omnibus Accounts for Customers in accordance with the rules of the Clearing House. Subject to the conditions below, use of a Customer Omnibus Account as a common "holding" or "suspense" account is acceptable for Clearing Members, for execution operations that give-up orders to other Clearing Members, and for entry of bunched orders. Whenever a suspense account number is used for an order entered into the Trading Platform, the Clearing Member must create a contemporaneous written and time-stamped record of the order bearing the correct Customer account designation and must ensure that Customer account designation is entered into the clearing system, by 14:30 (New York Time) on the Trading Day (or the next Trading Day if the order was entered after 14:30 (New York Time)).

**6.13 Customer Type Indicator codes for Trading of Exchange Contracts on the Trading Platform**

- (A) Members and DEA Customers with direct access to the Trading Platform (in this Rule, **Trading Platform Users**) shall report to the Exchange through the mechanism provided using appropriate Customer Type Indicator (**CTI**) codes and appropriate Indicator Codes for each transaction executed on the Trading Platform, in accordance with the provisions set out below.
- (B) **CTI Codes**
  - (1) When a Trading Platform User executes a trade for its own account, for an account it controls, or for an account in which it has an ownership or financial interest, it shall designate that trade as **CTI 1**;

- (2) When a Trading Platform User executes a trade for the trading account of a Member or DEA Customer, it shall designate that trade (and any relevant orders) as **CTI 2** (unless the executing Member or DEA Customer has an interest in or discretionary control over such Member or Clearing Member's trading account, in which case it shall designate the trade as **CTI 1**);
- (3) When a Trading Platform User executes a trade for the account of (or for an account which it knows is controlled by) another Member or DEA Customer, it shall designate that trade (and any relevant orders) as **CTI 3**; and
- (4) When a Trading Platform User executes a trade for any account other than those listed above, it shall designate that trade (and relevant orders) as **CTI 4**.

(C) **Indicator Codes**

Indicator codes (indicating to which Clearing Member account the transaction is to be allocated) shall be applied as follows:

- (1) **C or Customer** – if the Person for whose benefit the Trading Platform User executed the transaction is not affiliated with or an employee of the Clearing Member with whom the account is held; or
  - (2) **H or House** – if the Person for whose benefit the Trading Platform User executed the transaction is affiliated with or an employee of the Clearing Member with whom the account is held.
- (D) It shall be a Major Offence for a Trading Platform User knowingly to assign false CTI codes or Indicator Codes to trades executed on the Trading Platform.

**6.14 Bunched orders and orders eligible for post execution allocation**

- (A) Bunched orders may be entered using a series designation or suspense account number provided that (1) the order is being placed by an account manager for multiple accounts eligible for post execution allocation or (2) a written, pre-determined allocation scheme that defines the series has been provided to the Authorised Terminal User accepting the order or the Clearing Member clearing the order, prior to the time that such order is entered. In the latter case, if such information has not been provided to the Authorised Terminal User accepting the order or the Clearing Member clearing the order prior to the time of order entry, each specific account number must be entered into the Trading Platform. Additionally, for all such bunched orders executed on the Trading Platform, the final account specific allocations must be submitted to the clearing system no later than the end of each Trading Day.
- (B) Bunched orders may be entered through the Trading Platform; however, only the following order types may be bunched: "Market on Open", "Market on Close", same priced Limit Orders and same priced Stop Orders. Such orders may only be bunched in the following instances:
- (1) each order underlying the bunched order must be reduced to writing and include the information required pursuant to Rule 6.14(A) above;
  - (2) allocation of the executions for the bunched orders must be fair and equitable; and
  - (3) in circumstances where the order is bunched in a Member's sales office, the party accepting the order must, contemporaneously with the order placement, transmit the individual account numbers and quantities associated with the bunched order to the Clearing Member. Such transmission shall be maintained by the Clearing Member along with the bunched order.
- (C) Before entering bunched orders directly into the Trading Platform pursuant to paragraph (B) of this Rule 6.14, a Member (if it is not a Clearing Member) or DEA Customer shall provide the Clearing Member holding the account through which the bunched order is traded with a list of all Clearing Members to whom it may be assigning trades for clearance, and (if it is a Clearing Member) assign such trades for clearance in accordance with the rules of the Clearing House.

## 6.15 Simultaneous buy and sell orders for different beneficial owners

On the Trading Platform, opposite orders for different beneficial owners that are simultaneously placed by a Member or DEA Customer with discretion over both accounts may be entered into the Trading Platform provided that one (1) order is exposed on the Trading Platform for a minimum of five (5) seconds in the case of Futures orders or for a minimum of fifteen (15) seconds in the case of Options orders. Unless entered immediately upon receipt, orders allowing for time and price discretion may not be entered by the same Member or DEA Customer where the Member or DEA Customer knows or reasonably should know that the order is opposite another order entered by that same Member or DEA Customer except where the prior order has been exposed on the Trading Platform for a minimum of five (5) seconds in the case of Futures orders or for a minimum of fifteen (15) seconds in the case of Options orders. For the avoidance of doubt, any amendment or revision to a prior order shall be treated as a new order for the purposes of this Rule.

## 6.16 Errors and omissions in handling orders

### (A) Trade Errors

- (1) If a Member or DEA Customer has failed to execute an order placed by a Customer or has made an error in handling a Customer order (such as by under-buying or under-selling) (in either case, a **Trade Error**), and the order cannot be executed in the market at a price which is equal to that which the order should have executed, the Member or DEA Customer shall take one (1) of the following actions:
  - (a) execute the order, or remainder of the order, in the market and adjust the price received by the Customer if the price is less favourable than that to which the Customer was entitled due to the Member or DEA Customer's error or mishandling of the order. If the order is filled at a more favourable price, the Customer is entitled to the better price;
  - (b) execute a spread transaction in accordance with paragraph (C) of this Rule 6.16, where applicable; or
  - (c) notwithstanding any Rules to the contrary, take the opposite side of the order at a price which is equal to the price the order should have received had the error not occurred. If such price cannot be obtained in the market, or the Member or DEA Customer discovers the error after the close of such market, the Member or DEA Customer may assign the opposite side of the order to that Member or DEA Customer's designated error account at a price which is equal to the price which the order should have received had the error not occurred. Any assignment made after the close of the market must be made promptly.
- (2) In no case may a Customer receive a price which is worse than that which the Customer should have received had the error not occurred. Any transaction or straddle transaction executed pursuant to paragraph (A)(1)(c) of this Rule 6.16 shall be within the trading range of the current Trading Day that has been reported to the Exchange.

### (B) Procedures

A Member or DEA Customer may take the opposite side of a Customer order to resolve a Trade Error in accordance with the following procedures:

- (1) within fifteen (15) minutes of the resolution of a Trade Error, the Member or DEA Customer must report to the Clearing House the details of the transactions made under this Rule 6.16 in respect of that Trade Error; and
- (2) trade data submitted to the Exchange shall specifically identify any cross trade resulting from a Member's or DEA Customer's resolution of an error and specify the account in which it will clear. Trade data pertaining to the offset of the cross trade shall specify the account in which the offsetting trade will clear.

(C) **Spread Transaction to Rectify Misexecution**

In the event that a CTI 4 Customer order is executed in the wrong month or at the wrong strike price, including errors in execution due to a bona fide clerical error, the trade shall be referred to as a **Misexecution**. In the event of a Misexecution, a Member or DEA Customer may use a spread transaction to re-execute the order and liquidate the position created by the Misexecution.

- (1) By the close of trading on the first Business Day following the day on which the Misexecution was effected:
  - (a) the Member or DEA Customer shall report full details of all transactions made under this Rule 6.16(C) to the Clearing House;
  - (b) the Misexecution, as well as the liquidating trade, must be placed in either the Member or DEA Customer's designated error account or personal account; and
  - (c) the pricing of the re-executed trade shall be consistent with pricing at the time of the Misexecution.
- (2) Any spread transaction executed for the purposes of taking advantage of a Customer order shall be a Major Offence.

(D) Except as otherwise provided in this Rule, a Member or DEA Customer shall not change the terms of a trade to correct a Trade Error.

(E) Nothing in this Rule shall:

- (1) preclude the resolution of a dispute arising from or in connection with a Trade Error in accordance with Chapter 5 of these Rules; or
- (2) contravene any instructions received from a Customer respecting any order prior to its execution (but shall be construed to permit execution of orders under the conditions prescribed without prior instructions from the Customer).

(F) A Member, DEA Customer or Authorised Terminal User who persistently enters Trade Errors may be susceptible to disciplinary action by the Exchange under Chapter 7 of these Rules.

**6.17 Trade Cancellations And Price Adjustments**

(A) **GCC Authority Regarding Trade Cancellations and Price Adjustments**

The Exchange, in consultation with GCC, will establish the **Trade Cancellation Policy**, which defines the parameters within which a trade may be cancelled or price adjusted pursuant to this Rule. The Trade Cancellation Policy aims to balance the adverse effects on market integrity of executing trades and publishing trade information inconsistent with prevailing market conditions, while preserving legitimate expectations of trade certainty by market participants. The Trade Cancellation Policy authorises the GCC to adjust the price at which a trade was undertaken or cancel (bust) trades where, in its absolute and sole discretion, the GCC believes such action is necessary to mitigate events resulting or which may result in market disruption and which are caused by the improper or erroneous use of the Trading Platform or through a system defect. In addition, the GCC may, in its absolute and sole discretion, adjust trade prices or cancel any trade if it believes that allowing the trade(s) to stand as executed may have a material, adverse effect on the integrity of the market. All decisions of the GCC shall be considered final and any liability of the Exchange for price adjustments or trade cancellations by the GCC under this Rule, including, but not limited to, liability that may arise to persons suffering losses due to stop or spread losses that were resting in the market and executed prior to the actions of the GCC, will be strictly subject to the limitations and conditions of Rule 6.29.

(B) **Review of Trades**

The GCC may determine to review a trade based on its independent analysis of market activity or upon request by a Member, or other party to the trade. A request for review must be made to the

GCC via telephone within eight (8) minutes of the execution of the trade (the **Reviewed Trade**). Any other form of communication with the GCC will not constitute a request for review as set forth in this Rule. GCC phone numbers are available on the CME Group Website.

The GCC shall determine whether or not a trade will be subject to review. In the absence of a timely request for review, during volatile market conditions, upon the release of significant news, or in any other circumstance in which the GCC deems it to be appropriate, the GCC, may determine that a trade shall not be subject to review. Upon deciding to review a trade, the GCC will promptly issue an alert indicating that the Reviewed Trade is under review.

(C) **Price Adjustments and Cancellations**

The Exchange, in consultation with GCC, determines pricing parameters for each Exchange Contract within which a trade may not be cancelled. Such parameters are known as a **Non-Reviewable Range**. In order to provide the market with confidence that traded levels will stand, trades within the Non-Reviewable Range will not, under most circumstances, be cancelled by the Exchange, whether as a result of error or otherwise. The Non-Reviewable Range for each Exchange Contract will be published from time to time on the Exchange's website.

Upon making a determination that a trade will be subject to review, the GCC will first determine whether the price of the Reviewed Trade is within the Non-Reviewable Range for Futures or in the case of Options, within the Non-Reviewable Range having applied the Bid/Ask Reasonability Allowance to the fair market value of the Option. The Bid/Ask Reasonability Allowance for an Option shall be published by the Exchange from time to time and is the maximum width of the bid/ask range which will be considered reasonable for use in applying the parameters necessary to establish the Non-Reviewable Range for the Option.

In applying the Non-Reviewable Range, the GCC shall determine the fair value market price for that Exchange Contract at the time the Reviewed Trade occurred. In doing so, the GCC may consider any relevant information, including but not limited to the last traded price for the Exchange Contract on the Trading Platform or a better bid or offer price on the Trading Platform, a more recent price in a different Contract Month, the price of the same or related contract established in another venue or another market, the market conditions at the time of the Reviewed Trade, the theoretical value of an Option based on the most recent implied volatility and responses to a Request for Quote (RFQ) and any other factors that the Exchange, in consultation with the GCC, deems relevant.

The GCC will review the price of trades and determine whether the price at which the Reviewed Trade was executed falls within the Non-Reviewable Range for that Exchange Contract.

(1) Trade Price Inside the Non-Reviewable Range:

If the GCC determines that the price at which the Reviewed Trade occurred took place is within the Non-Reviewable Range, the GCC will issue an alert indicating that the Reviewed Trade shall stand.

(2) Trade Price Outside the Non-Reviewable Range:

Futures Contracts:

If the GCC determines that the Reviewed Trade price is outside the published Non-Reviewable Range for a Futures Contract (including Futures Spreads), the price of the Reviewed Trade shall be adjusted to a price that equals the fair value market price for that Futures Contract at the time the Reviewed Trade occurred, plus or minus the Non-Reviewable Range. In the event there are multiple parties, prices and/or contracts involved in the transactions at issue, the GCC has the authority, but not the obligation, to cancel rather than price adjust such transactions. The GCC will issue an alert regarding its decision.

Option Contracts

If the GCC determines that the Reviewed Trade price is outside the applicable Non-Reviewable Range for an Option Contract, the Reviewed Trade price shall be adjusted. In the case of a buy (sell) error, the price will be adjusted to the determined ask (bid) price set forth in the Bid/Ask Reasonability Allowance, as published by the Exchange from time to time plus (minus) the Non-Reviewable Range. In the event there are multiple parties, prices and/or contracts involved in the transactions at issue, the GCC has the authority, but not the obligation, to cancel rather than price adjust such transactions. The GCC will issue an alert regarding its decision.

Cancelled trade prices and any prices that have been adjusted shall be cancelled in the Exchange's official record of time and sales. Reviewed Trades that are price adjusted shall be inserted in the time and sales record at the adjusted trade price.

**(D) Alternative Resolution by Agreement of Parties**

With the approval of the GCC, parties to a Reviewed Trade that is price adjusted may instead mutually agree to cancel the Reviewed Trade. With the approval of the GCC, parties to a Reviewed Trade that is cancelled may instead mutually agree to price adjust the Reviewed Trade to a price consistent with the adjustment provisions of Rule 6.17(C) above.

Parties to a Reviewed Trade that is cancelled or price adjusted may mutually agree to a cash adjustment provided that such adjustments are reported to the GCC and the parties maintain a record of the adjustment.

A Reviewed Trade that has been executed may not be reversed via transfer except where such Reviewed Trade is determined by GCC to be outside of the Non-Reviewable Range but not reported timely, subject to agreement of the parties and approval of the GCC. Any such transfer must occur at the original trade price and quantity; however the parties may mutually agree to a cash adjustment.

A Reviewed Trade that is not cancelled may not be reversed unless permitted and effected in accordance with this Rule 6.17 (D).

**(E) Liability for Losses Resulting from Price Adjustments or Cancellation and Prohibition on Claims for Losses Arising from Error Trades Executed Within the Non-Reviewable Range**

A party entering an order that results in a price adjustment or trade cancellation shall be responsible for demonstrated claims of realized losses incurred by Persons whose trade prices were adjusted or cancelled provided, however, that a claimant shall not be entitled to compensation for losses incurred as a result of the claimant's failure to take reasonable actions to mitigate the loss. A claim for a loss pursuant to this Rule must be submitted to the Exchange on an Exchange claim form (available from the Exchange's website), within five (5) Business Days of the event giving rise to the claim. The Exchange shall reject any claim that is not filed in a timely manner or is not permitted by this Rule and such decisions shall be final. Eligible claims shall be forwarded by the Exchange to the party responsible for the order(s) that resulted in a trade cancellation or a price adjustment and to the Clearing Member through which the trade was placed. Such party, or the Clearing Member on behalf of the party, shall, within ten (10) Business Days of receipt of the claim, admit or deny responsibility in whole or in part. Failure to respond to the claim within ten (10) Business Days shall be considered a denial of liability. To the extent that liability is admitted, payment shall be made within ten (10) Business Days. Unless otherwise agreed upon in writing by the parties, failure to make the payment within ten (10) Business Days shall be considered a denial of liability for purposes of this Rule. A copy of any such written agreement must be provided to the Exchange. To the extent that liability is denied, the party making the claim may submit the claim to arbitration in accordance with Chapter 5 of these Rules. Such claims must be submitted to the Compliance Department of the Exchange within ten (10) Business Days of the date the party was issued notification that liability was denied.

Claims for losses incurred as a result of trades executed in error at prices within the Non-Reviewable Range may not be submitted for arbitration under Chapter 5 of these Rules.

**(F) Permissible Responses to Phantom Orders**

If the Exchange or the GCC have reason to believe that Phantom Orders as defined in Rule 6.29 have been or are being entered into any Exchange system, service or facility, the GCC shall be authorized to take appropriate action to protect the integrity of the market, including, without limitation, suspending trading and/or cancelling unfilled orders. The GCC shall also be authorized, in its sole discretion, to cancel transactions or adjust the trade prices of transactions that were directly or indirectly caused by Phantom Orders, whether or not such transactions were executed at prices outside of the Non-Reviewable Range.

If Phantom Orders directly cause transactions to be executed on any Exchange system, service or facility and such transactions are not cancelled or price adjusted, the GCC shall promptly direct the Clearing Member carrying positions resulting from such transactions to liquidate the positions in a commercially reasonable manner. Such positions shall be liquidated within 30 minutes of such notification or within 30 minutes of the time the Clearing Member knew or should have known that it had been assigned transactions resulting from Phantom Orders, whichever is sooner. The GCC, in its sole discretion, may waive the 30 minute liquidation requirement if it determines that such requirement may have a material, adverse impact on the integrity of the market.

The GCC shall provide notification to the marketplace regarding any action taken or to be taken with respect to the entry of Phantom Orders or execution of a transaction as a result of Phantom Orders, and, in the event transactions are not otherwise cancelled or price adjusted by the GCC, any actions required to be taken by Clearing Members. Such notification(s) shall be made as soon as practicable, but in no event more than 30 minutes after the time that the GCC has accurate information regarding the Phantom Orders that is sufficient to support the necessary notification(s).

Any Exchange or CME Group liability for losses resulting from Phantom Orders shall be subject to the limitations of Rule 6.29.

**(F) Schedule of Administrative Fees**

- (1) When the GCC cancels or price adjusts a Reviewed Trade, the party responsible for entering the order into the Trading Platform that gave rise to the Reviewed Trade which is the subject of the cancellation or price adjustment shall pay an administrative fee to the Exchange in the amount of \$500 for each such occurrence. If the party is not deemed a Member as defined in Chapter 2 of these Rules and fails to pay the fee, the Clearing Member through which the trade was placed shall be responsible for payment of the fee.
- (2) A Member, DEA Customer or Authorised Terminal User who persistently enters trades which are outside the Non-Reviewable Range may be subject to disciplinary action by the Exchange under Chapter 7 of these Rules.

**6.18 [Reserved]**

[RESERVED]

**6.19 Termination of designation of a Member, DEA Customer or Authorised Terminal User**

When a Person's Membership and/or right to access the Trading Platform have been terminated or suspended for any reason, the Clearing Member(s) (or former Clearing Member(s)) of the relevant Member or DEA Customer, as the case may be, shall take all appropriate steps to prevent that Person from entering orders on the Trading Platform, including immediately notifying the GCC.

**6.20 Spread Transactions, Swap Transactions and Strip Transactions**

- (A) This Rule shall apply to all orders for and execution of Spread Transactions, Swap Transactions and Strip Transactions.
- (B) All orders for Spread Transactions (Intercommodity Spreads, intra-commodity spreads, cracks, Futures Spreads and Options-Futures Spreads), Swap Transactions and Strip Transactions shall be made at a stated price differential.

- (C) Transactions executed by the Trading Platform as legs as a result of orders for Spread Transactions or Strip Transactions shall set off stops in the affected contract. Transactions executed by the Trading Platform as Spread Transactions or Strip Transactions shall not set off stops in the affected contract, but shall set off stops with respect to the Spread Transaction or the Strip Transaction, as applicable.

#### **6.21 Trade at Marker (“TAM”) Transactions**

The Exchange shall determine the commodities, contract months and time periods during which TAM transactions shall be permitted. The following shall govern TAM transactions:

- A. TAM orders may be entered on CME Globex at any time the applicable contracts are available for TAM trading on CME Globex and during each TAM contract’s prescribed pre-open time period. The initiation of any TAM order on CME Globex outside these time periods is prohibited.
- B. TAM-eligible commodities and contract months may be executed as block trades pursuant to the requirements of Rule 6.30 (“Block Trades”).
- C. TAM transactions may be executed at the current day’s applicable Marker Price or at any valid price increment twenty-five ticks higher or lower than the applicable Marker Price.

#### **6.22 Permissible pre-execution discussions, pre-arranged, pre-negotiated and non-competitive trades**

- (A) References in this Rule to Member shall be read to mean Member or DEA Customer, as the case may be.
- (B) No Member shall prearrange or pre-negotiate any purchase or sale or noncompetitively execute any transaction, except in accordance with Rules 6.22(C) and (D) below.
- (C) The foregoing restriction shall not apply to Block Trades, executed pursuant to Rule 6.30, or EFRP transactions effected pursuant to Rule 6.25.
- (D) Pre-Execution Communications:

A Member may engage in pre-execution communications with regard to transactions executed on the Trading Platform where one (1) party (the first party) wishes to be assured that a contra party (the second party) will take the opposite side of the order under the following circumstances:

- (1) a Member may not engage in pre-execution communications with other market participants on behalf of another party unless the party for whose benefit the trade is being made has previously consented to permit such communications;
- (2) Members to pre-execution communications shall not (a) disclose to a non-party the details of such communications or (b) enter an order to take advantage of information conveyed during such communications except in accordance with this Rule; or
- (3) Members entering orders following pre-execution discussions must allow a period of at least five (5) seconds to elapse between entry of the two (2) orders during which the order first entered is resting in the market for Futures and fifteen (15) seconds to elapse between entry of the two (2) orders during which the order first entered is resting in the market for Options.

#### **6.23 Restriction on simultaneous buy and sell orders on the Exchange**

- (A) References in this Rule to Member shall be read to mean Member or DEA Customer as the case may be.
- (B) With respect to trading on the Trading Platform, no Member or Authorised Terminal User may enter orders for different principals as a cross-trade into the system.
- (C) Members and Authorised Terminal User shall enter orders into the system strictly on the basis of time of receipt of the orders. A Member or Authorised Terminal User holds a number of non-discretionary

orders that cannot be immediately entered into the Trading Platform as a result of paragraph (F) of Rule 6.21, that Member or Authorised Terminal User must enter those orders when executable in the sequence in which those orders were received.

#### **6.24 Transfer trades and office trades**

- (A) References in this Rule to Member shall be read to mean Member or DEA Customer as the case may be.
- (B) Transfer trades are limited to trades made on the books of a Member for the purpose of:
- (1) transferring existing trades from one (1) account to another within the same office, or between different offices of such Member, where no change in ownership is involved (in which case the transferred trade must be recorded and carried at the original date and price or premium, or as otherwise approved in advance by the CCO or designee, on the books of the receiving Member); or
  - (2) transferring existing trades from the record of one (1) Member to the record of another Member when no change in beneficial ownership is involved, provided that no such transfer shall be made after receipt from the Clearing House of a Notice of Intention to Deliver on such trades or the issuance by such Member of a Notice of Intention to Accept (or, in the case of Options Contracts, after receipt from the Clearing House of notice of exercise and assignment on such trades). The transferred trade in the transferee's office must be recorded and carried at the original date and price or premium.
- (C) Every Person handling, executing, clearing or carrying trades or contracts which are not competitively executed shall identify and mark by appropriate symbol or designation all such transactions or contracts and all orders, records and memoranda pertaining thereto.

#### **6.25 Exchange for Related Positions**

- (A) The following transactions shall be permitted by arrangement between parties in accordance with the requirements of this Rule:
- (1) Exchange for Physical ("EFP") – A privately negotiated and simultaneous exchange of an Exchange futures position for a corresponding cash position;
  - (2) Exchange for Risk ("EFR") – A privately negotiated and simultaneous exchange of an Exchange futures position for a corresponding OTC swap or other OTC instrument; and
  - (3) Exchange of Options for Options ("EOO") – A privately negotiated and simultaneous exchange of an Exchange option position for a corresponding OTC option position or other OTC instrument with similar characteristics.

For purposes of this Rule, an EFP, EFR or EOO shall be referred to as an Exchange for Related Position ("EFRP").

- (B) **Nature of an EFRP**  
An EFRP consists of two discrete but related simultaneous transactions. One party to the EFRP must be the buyer of (or the holder of the long market exposure associated with) the related position and the seller of the corresponding Exchange Contract. The other party to the EFRP must be the seller of (or the holder of the short market exposure associated with) the related position and the buyer of the corresponding Exchange Contract. However, a Member may facilitate, as principal, the related position on behalf of a Customer; provided that the Member can demonstrate that the related position was passed through to the Customer who received the Exchange Contract position as part of the EFRP.
- (C) **Related Positions**  
The related position (cash, OTC swap, OTC option, or other OTC derivative) must involve the commodity underlying the Exchange Contract, or must be a derivative, by-product, or related product

of such commodity that has a reasonable degree of price correlation to the commodity underlying the Exchange Contract.

- (D) **Quantity**  
The quantity covered by the related position must be approximately equivalent to the quantity covered by the Exchange Contracts.
- (E) **Prices and Price Increments**  
An EFRP transaction may be entered into in accordance with the applicable price increments or option premium increments set forth in the Rules governing the pertinent Exchange Contracts, at such prices as are mutually agreed upon by the two (2) parties to the transaction.
- (F) **Date and Time of Transaction**  
Members involved in the execution of EFRP transactions must maintain a complete record of the transaction. EFRP transactions entered into CME ClearPort do not need a separate record of the transaction or time of execution provided that such transactions are entered immediately after the relevant terms have been determined, but in no event later than the earlier of the start of the next Business Day or the end of the permissible posting period for EFRP transactions following the expiration of the underlying Futures Contract. Upon receipt, the Exchange shall promptly publish information in respect of EFRP transactions separately from the reports of transactions in the regular market.
- (G) **Termination of Trading in Exchange Contracts**  
EFRP transactions may be permitted after termination of trading in expiring Exchange Contracts, as prescribed in the Rules governing such Exchange Contracts. Such transactions shall not establish new positions.
- (H) **Identification and Submission to the Clearing House**  
Each EFRP transaction shall be designated as such and shall be cleared through the Clearing House. Each such transaction shall be submitted to the Clearing House within the time period and in the manner specified by the Exchange. Clearing Members are responsible for exercising due diligence as to the bona fide nature of EFRP transactions submitted on behalf of Customers.
- (I) **Documentation**  
Parties to any EFRP transaction must maintain all documents relevant to the Exchange Contract and the cash, OTC swap, OTC option, or other OTC derivatives, including all documents customarily generated in accordance with relevant market practices and any documents reflecting payment and transfer of title. Any such documents must be provided to the Exchange upon request, and it shall be the responsibility of the carrying Clearing Member(s) to provide such requested documentation on a timely basis.
- (J) **Account Requirements**  
The accounts involved in the execution of an EFRP transaction must be (a) independently controlled accounts with different beneficial ownership; or (b) independently controlled accounts of separate legal entities with the same beneficial ownership, provided that the account controllers operate in separate business units; or (c) independently controlled accounts within the same legal entity, provided that the account controllers operate in separate business units; or (d) commonly controlled accounts of separate legal entities, provided that the separate legal entities have different beneficial ownership. However, on or after the first day on which delivery notices can be tendered in a physically delivered Futures Contract, an EFRP transaction may not be executed for the purpose of offsetting concurrent long and short positions in the expiring Futures Contract when the accounts involved in such transaction are owned by the same legal entity and when the date of the Futures position being offset is not the same as the date of the offsetting transaction.
- (K) **Large Trader Requirements for EFRP Transactions**  
Each Clearing Member, omnibus account and foreign broker submitting large trader positions in accordance with Rule 4.24 must submit for each reportable account the EFRP volume bought and sold in the reportable instrument, by Contract Month, and additionally for EOOs, by put and call strike. The information must be included in the daily Large Trader Report.

## 6.26 Trade formation

(A) In this Rule, reference to a Member shall also include a DEA Customer with direct access to the Trading Platform and who trades on an account or accounts held with a Clearing Member.

(B) Except where paragraph (C) of this Rule applies, the following contracts in the terms of an Exchange Contract shall arise when the Trading Platform matches two (2) orders, and each such contract shall be in the terms of the bid and the offer matched when the orders are so matched:

(1) where a Member trades as principal (other than a Clearing Member trading as principal for its own account), a contract between the Member and the Clearing Member carrying the account for which the order was submitted by that Member (in respect of which the Member shall be the buyer or the seller);

(2) where a Member trades as agent, a contract between the principal for whom the Member acts and the Clearing Member carrying the account for which the order was submitted by that Member (in respect of which the principal (Customer, Affiliate or other Member) shall be the buyer or the seller);

(3) where a Member trades as principal for its Customer account, a contract between it and the Customer for whose order the Member executed the trade;

(4) where the two (2) Members are both either:

a Clearing Member submitting an order as principal for its own account; or

a Member submitting an order referred to in Rule 6.26(B)(1) to (3),

and the orders are for accounts carried by different Clearing Members (or the same Clearing Member unless that Clearing Member is submitting both orders as principal for its own account), a contract between each such Clearing Member (in respect of which (i) a Clearing Member submitting an order as principal for its own account shall be the buyer or seller, if it is the buyer or seller respectively under that order, and (ii) a Clearing Member shall be the buyer or the seller, if it is the seller or the buyer respectively on the contract between it and the relevant Member or principal referred to in 6.26(B)(1) to (3));

(5) where the same Clearing Member acts as Clearing Member in respect of both orders matched by the Trading Platform then unless the Clearing Member acted as principal for its own account in respect of each order for the purposes of these Rules and the Rules of the Clearing House, a contract shall be deemed to arise between the Clearing Member and itself. Such contract shall (whether or not effective in law as a contract) be regarded for the purposes of these Rules as a contract and shall be submitted to the Clearing House for clearing in accordance with the Clearing House's Rules; and

no contract shall arise between the Members whose orders are matched (except where those Members are Clearing Members and a contract between them arises by virtue of Rule 6.26(B)(4) or a contract between a Clearing Member and itself is deemed to arise by virtue of Rule 6.26(B)(5)).

(C) The following contracts in the terms of an Exchange Contract shall arise in relation to an order matched in the Matching System which is a bunched order in accordance with Rule 6.14(A) when the Trading Platform matches it with another order.

In paragraphs (C) and (D) of this Rule 6.26, the following terms are used:

(a) Member X: the Member who submitted the bunched order;

(b) Clearing Member A: if Member X is not a Clearing Member, the Clearing Member holding the account through which Member X trades the bunched order;

(c) Member Y: the Member matching Member X's order;

- (d) Clearing Member B: if Member Y is not a Clearing Member, the Clearing Member holding the account through which Member Y's matching order is traded.

Each such contract shall be in the terms of the bid and the offer matched when the orders are so matched.

- (1) If Member X is a Clearing Member, a contract between (i) Member X and (ii) Member Y (if a Clearing Member) or Clearing Member B;
- (2) If Member X is not a Clearing Member,
- (a) a contract between Member X and Clearing Member A;
- (b) a contract between (i) Clearing Member A and (ii) Member Y (if a Clearing Member) or Clearing Member B (in respect of which Clearing Member A shall be the buyer or the seller if it is the seller or the buyer respectively on the contract between it and Member X);
- (3) in either case, where Member X executes a trade as principal for its Customer account, a contract between it and the Customer(s) for whose order(s) the Member executed the trade; and

no contract shall arise between the Members whose orders are matched (except where those Members are Clearing Members and a contract between them arises by virtue of Rule 6.26 (C)(1) and (2)).

- (D) Where Member X enters and validates information in accordance with Rule 6.14 allocating a trade to a Customer's Clearing Member (Clearing Member C), and Clearing Member C does not reject that allocation, if Member X acted:
- (1) as principal and the trade is allocated to Member X's Customer Omnibus Account, Clearing Member C shall be substituted as a party in place of Member X (if Member X is a Clearing Member) or in place of Clearing Member A (if Member X is not a Clearing Member) on the contracts arising pursuant to paragraphs (C)(1) and (C)(2) of this Rule 6.26 in respect of such trade;
- (2) as principal and the trade is allocated to the Customer's account at a Clearing Member C, and Member X, the Customer and Clearing Member C have executed a give-up agreement in a form acceptable in the futures industry, Clearing Member C shall be substituted as a party in place of Member X and in place of Clearing Member A on the contracts arising pursuant to paragraph (C) of this Rule 6.26; and
- (3) as agent and the trade is allocated to Member X's account at Clearing Member C, Clearing Member C shall be substituted as a party in place of Member X (if Member X is a Clearing Member) or in place of Clearing Member A (if Member X is not a Clearing Member) and the Customer in place of Member X on the contracts arising pursuant to paragraph (C) of this Rule 6.26.
- (E) The Exchange shall on a timely basis (and is hereby authorised to) present and confirm to the Clearing House particulars of all contracts in the terms of an Exchange Contract that arise under this Rule between Clearing Members (including any such contract between the same Clearing Member acting in different capacities in respect of that contract).

## **6.27 Daily Marker Prices and Settlement Prices**

- (A) For each Futures Contract, the Exchange shall publish a daily Marker Price. For each Options Contract, the Exchange shall publish a daily Options Marker Premium. Any Marker Price or Options Marker Premium shall be determined by the Exchange in accordance with its published procedures and, in respect of the last Trading Day for such Contract, in accordance with the relevant contract specification.

- (B) The daily Settlement Price for each Futures Contract shall be determined by the Exchange in accordance with its published procedures and the daily Settlement Price for each Futures Contract shall be set at 14:30 (New York Time). The daily Options Settlement Premiums shall be determined by the Exchange in accordance with its published procedures and shall be set at 14:30 (New York Time). For each Options Contract, the Exchange may also publish a daily Options Settlement Premium.
- (C) The Exchange may request from any Member representing that certain market information should be considered in the determination of a daily Marker Price, Options Marker Premium, Settlement Price or Options Settlement Premium such documentation as it deems appropriate.
- (D) The Exchange shall notify the daily Settlement Price and Marker Price (or, in the case of an Options Contract, the daily Options Marker Premium and Options Settlement Premium) determined by the Exchange to the Clearing House. The Clearing House shall use the final Marker Price (or, as the case may be, final Options Marker Premium) in the calculation of margin in respect of the last Trading Day in a Contract Month and the Settlement Price (or, as the case may be, Options Settlement Premium) in the calculation of original and variation margin in respect of other Trading Days, unless in either case the Clearing House reasonably believes that such price (the **Margining Price**) is erroneous, in which case:
  - (1) it will notify the Exchange with a view to agreeing on an appropriate daily Margining Price; or
  - (2) in the absence of such agreement, it will notify the Exchange of the Margining Price it will use.

#### **6.28 Communications between Members and DEA Customers**

The Exchange has no responsibility for any act, error or omission of its employees in connection with the receipt or transmission of messages or other communications between Members and DEA Customers or between such Persons and their offices or other Persons, all of which is entirely at the risk of the Member or DEA Customer receiving or sending such message or communication or the Member or DEA Customer or other Person for whom the same may be intended.

#### **6.29 Limitation of liability**

- (A) This limitation of liability in this Rule shall apply to Members, DEA Customers, Authorised Terminal Users, any other individual or entity accessing or using the Trading Platform or trading Exchange Contracts, and any other individual or entity to whom such limitation of liability may reasonably be found to apply, as the case may be.
- (B) Except as provided in this Rule, the Exchange, its Affiliates, shareholders, the CME, and any of their respective officers, directors, employees, agents, consultants, Members, information providers, independent contractors or subcontractors and licensors (collectively, **Covered Persons**) shall not be liable to any Person for any losses, damages, costs or expenses (including, but not limited to, loss of profits, loss of use, loss of savings, and direct, special, indirect, incidental, consequential or punitive damages) arising from:
  - (1) any failure, malfunction, fault in delivery, delay, omission, suspension, inaccuracy, interruption, termination, or any other cause, in connection with the furnishing, performance, operation, maintenance, use of or inability to use all or any part of any of the Trading Platform, other systems, and services of the Exchange or services, equipment or facilities used to support the Trading Platform, other systems, and services, including without limitation electronic order entry/delivery, trading through any electronic means, electronic communication of market data or information, workstations used by Members and DEA Customers and authorised employees of Members and DEA Customers, price reporting systems and any and all terminals, communications networks, central computers, software, hardware, firmware and printers relating thereto; or
  - (2) any failure or malfunction, fault in delivery, delay, omission, suspension, inaccuracy, interruption or termination, or any other cause, of the Trading Platform, other system, or service of the Exchange or services, equipment or facilities used to support the Trading

Platform, other systems or services, caused by any third parties including, but not limited to, independent software vendors and network providers; or

- (3) any errors or inaccuracies in information provided by the Exchange or the Trading Platform, other Exchange systems, services, or facilities; or
- (4) any unauthorised access to or unauthorised use of any of the Trading Platform, other Exchange systems, services, or facilities by any Person.

The foregoing limitation of liability shall apply whether a claim arises in contract, tort, negligence, strict liability, contribution or otherwise, and whether the claim is brought directly or as a third party claim. A party who has been finally adjudicated to have engaged in fraud, criminal acts, gross negligence, or wilful or wanton misconduct may not avail itself of the protections in this Rule. To the extent that a Covered Person besides DME is so adjudicated, the DME shall not be in any way liable for the actions of such Covered Person.

- (C) There are no express or implied warranties or representations (including but not limited to warranties of merchantability and fitness for a particular purpose or use) provided by any Covered Person relating to the Trading Platform, any other systems, or services relating to the Trading Platform, any other systems, or services of the Exchange or services, equipment or facilities used to support the Trading Platform, systems or services.
- (D) DME does not guarantee continuous, uninterrupted or secure access to the Trading Platform. The transmission of data on any electronic system may be subject to: interruption; interference; blackout; failure; systems or service unavailability or failure; hardware or software malfunction or failure; interception by third parties; unauthorised access; theft; modification or inaccuracy. The reliability, availability, performance and other aspects of the Internet are beyond the Exchange's reasonable control. A number of conditions may affect an Authorised Terminal User's ability to enter orders and to trade, including but not limited to a problem with the Internet causing the slowing, disruption or termination of information flow, an inability to access the Trading Platform due to the Member or DEA Customer's Internet service provider, or a telephone line, cable or other communication link disruption. The speed of an order entry may be affected by a number of factors including but not limited to: the Authorised Terminal User's connection speed; the load of his Internet service provider; his computer processor speed; and his computer RAM memory.
- (E) DME, and the CME may provide employees (including employees in GCC) to perform certain services on behalf of DME for Members, DEA Customers and Authorised Terminal Users with respect to the Trading Platform (the **Service Centre Employees**). Neither the Exchange nor CME shall be liable for any loss resulting from any inability to communicate with Service Centre Employees. The liability of the Exchange or the CME for the negligent acts of Service Centre Employees shall be subject to the limitations and conditions of this Rule.
- (F) Any dispute arising out of the use of the Trading Platform, other systems, or services of the Exchange or services, equipment or facilities used to support the Trading Platform, other systems, or services in which the Exchange (including its subsidiaries and affiliates), or any of its officers, directors, employees, agents, consultants or licensors is a party shall be arbitrated pursuant to the Rules. Any arbitration shall be brought within the period prescribed by the Rules. Any other actions, suits or proceedings against any of the above must be brought within two years from the time that a cause of action has accrued. This paragraph shall in no way be construed to limit a party's obligation to arbitrate its claims or to create a cause of action and shall not authorize an action that would otherwise be prohibited by the Rules.
- (G) The Exchange or the CME may, in their sole discretion, assume responsibility for direct, out-of-pocket losses directly caused by the negligence of GCC or other Exchange staff and/or order status errors provided by the GCC and/or the clearing customer service desk. If such liability is accepted, the total combined aggregate obligations for the Exchange and CME Group shall not exceed \$200,000 for all losses suffered from all causes in a single calendar month, except for losses caused by Phantom Orders which are subject to the provisions of paragraphs (I) and (J) of this Rule. Any disputed claim made under this Rule must be arbitrated pursuant to the Rules.

- (H) In no event shall the collective total aggregate liability for the Exchange and CME for all claims arising out of any negligence, failures, malfunctions, faults in delivery, delays, omissions, suspensions, inaccuracies, interruptions, terminations, order status errors or any other causes, except for Phantom Orders which are subject to the provisions of paragraphs (I) and (J) of this Rule, in connection with the furnishing, performance, operation, maintenance, use of or inability to use all or any part of any of the Exchange's systems or services, or services, equipment or facilities used to support such system and services, or the negligence of Exchange staff, exceed \$200,000 in any calendar month.

If the number of allowed claims arising out of any failures or malfunctions in a single calendar month cannot be fully satisfied because of the monthly liability limitation, all such claims shall be limited to a pro rata share of the maximum amount available for that month.

- (I) Notwithstanding the foregoing, the Exchange and CME may, assume responsibility for direct, out-of-pocket net losses directly caused by Phantom Orders (as defined below). If such liability is accepted, the total aggregate obligations for the Exchange and CME Group shall not exceed \$5,000,000 for all such losses suffered in a single calendar month. Any disputed claim made under this Rule must be arbitrated pursuant to the Rules. For the purposes of this Rule and Rule 6.17, a **Phantom Order** is an order: 1) that was not authorized by a person but was caused by a failure, malfunction or negligent operation of the Trading Platform or any other Exchange system, service or facility, or 2) whose terms (e.g. contract, contract month, quantity, price or direction) were changed without authorization of the person placing the order solely as a result of a failure, malfunction, or negligent operation of the Trading Platform or any other Exchange system, service or facility.
- (J) In no event shall the collective total aggregate liability for the Exchange and CME for direct, out-of-pocket net losses directly caused by Phantom Order(s) exceed \$5,000,000 in a single calendar month. Compliance with the terms of Rule 6.17 is required in order for losses to be considered by the Exchange pursuant to this Rule. If the amount of direct, out-of-pocket net losses directly caused by Phantom Orders in a single calendar month cannot be fully satisfied because of the monthly liability limitation, all such losses shall be limited to a pro rata share of the maximum amount available for that month.

A claim against the Exchange or CME arising out of any failure, malfunction or Phantom Order shall be strictly subject to the respective liability limits of this Rule.

### **6.30 Block Trades**

- (A) In this Rule, reference to a Member shall also include a DEA Customer.
- (B) Block Trades (privately negotiated transactions) shall be permitted subject to the remaining provisions of this Rule.
- (C) A Block Trade must be for a quantity that is at or in excess of the minimum quantity threshold. No Member may aggregate orders from multiple accounts in order to meet the minimum quantity threshold, unless that Member is permitted to do so by any regulator who is responsible for the activities of that Member on the Exchange.
- (D) A Member shall not execute any order by means of a Block Trade for a Customer unless that Customer has specified that the order is to be executed as a Block Trade.
- (E) The price at which a Block Trade is executed must be fair and reasonable in light of:
- (1) the size of the Block Trade;
  - (2) the prices and sizes of other transactions in the same contract at the relevant time;
  - (3) the prices and sizes of transactions in other relevant markets, including without limitation the underlying cash and futures markets, at the relevant time; and
  - (4) the circumstances of the markets or the parties to the Block Trade.

- (F) Block Trades shall not trigger Stop Orders or any other conditional orders, permitted by these Rules, or otherwise affect orders in the regular market.
- (G) The parties to each Block Trade must ensure that it is reported to the Exchange and Clearing House within five (5) 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 information in respect of Block Trade(s) separately from the reports of transactions in the regular market.
- (H) Members involved in the execution of a Block Trade must maintain a complete record of the transaction.
- (I) Block Trades shall be permitted in quantities in Exchange Contracts determined by the Exchange from time to time. Generally, the Block Trade size information will be published on the Exchange's website.

### **6.31 Market Maker Programs**

The Board may approve the implementation of market maker programs, pursuant to which market makers would be authorized to maintain two-sided markets in those products designed by the Exchange. With the exception of allowable privately negotiated transactions and orders executed in accordance with Rule 6.22, an individual responsible for performing the duties of a market maker pursuant to this Rule may not accept, hold or in any manner have possession or non-public knowledge of orders for any other person, including knowledge of customer orders, in the same or a related market. All contract months in the product and any related futures or options contracts shall be considered to be the same or a related market for purposes of this Rule.

To the extent that the terms of any such market maker program may be in conflict with any Rules of the Exchange the Rules shall prevail.