

MEMORANDUM

TO: Philadelphia Board of Trade Members and Member Organizations
FROM: Legal Department
DATE: October 4, 2006
RE: SR-PBOT-2006-03: PBOT XL Trading System Rule Filing

On October 3, 2006 the Philadelphia Board of Trade (“PBOT”) filed with the Commodity Futures Trading Commission SR-PBOT-2006-03 dealing with new PBOT Rules E1 through E37. The new rules govern activity related to PBOT XL, the PBOT’s new electronic trading system, and are set forth below. Pursuant to new Rule E1, *Electronic Trading Generally*, Rules E1 through E37 prevail in the event of any conflict with any other PBOT rule. Further, except for the General Trading Rules of Section 3 of PBOT’s existing rulebook, which are inapplicable, all other PBOT Rules and By-Laws apply to PBOT XL related activity unless expressly excluded from application. PBOT is also issuing a number of Notices to Members and Operational Circulars which will cover the implementation of various aspects of the new rules.

PBOT Rules E1 through E37 will become effective on October 6, 2006.

For any questions with respect to the rule filing, please contact Carla Behnfeldt, Director and Counsel, at (215) 496-5208. For any questions regarding PBOT XL, please contact Dan Carrigan, Vice President – Business Development, at (215) 496-5017, Walt Smith, Vice President & General Manager, at 215-496-5532 or Dennis Boylan, Director – Market Operations, at (215) 496-5338.

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PBOT XL Electronic Trading Rules

Rule E1 Electronic Trading Generally.

PBOT XL related activity is governed by Rules E1 through and including E37, which prevail in the event of any conflict with any other Exchange Rule. Except for the General Trading Rules of Section 3, which are inapplicable, all other Rules and By-Laws of the Exchange apply to PBOT XL related activity unless expressly excluded from application.

Rule E2 Definitions and Rules of Construction.

(a) *When used in these Rules, these terms have the following meanings:*

Authorized Trader Contact. *The term “Authorized Trader Contact” means an employee or other individual associated with a Member or Member Organization who is authorized by that Member or Member Organization and the Exchange to submit Quotes or Orders into PBOT XL. Only a natural person can be an Authorized Trader Contact.*

Block Trade. *The term “Block Trade” shall mean a transaction in Contracts negotiated outside the PBOT XL but executed through the Exchange that complies with the requirements of Rule E23.*

Bunched Order. *The term “Bunched Order” means a single Order for two or more Customer Accounts entered into PBOT XL pursuant to Rule E13.*

Clearing Account Number. *The term “Clearing Account Number” means the unique identification code assigned by the Clearing Corporation which identifies a particular Clearing Member and an account maintained by that Clearing Member with the Clearing Corporation.*

Clearing Member. *The term “Clearing Member” means a Member or Member Organization designated by the Exchange under Rule E9 to clear Contracts on behalf of itself, its Customers, and Non-Clearing Members.*

Contract. *The term “Contract” means any Commodity Interest that trades or is reported through PBOT XL or subject to the Rules of the Exchange.*

Contract Month. *The term “Contract Month” means the calendar month in which the Last Trading Day for a Contract occurs , provided that with respect to Daily Expiry™ US Dollar 3-Month BBA LIBOR™ Futures the term "Contract Month" means the maturity date for a contract.*

Cross Transaction. *The term “Cross Transaction” means a transaction in which a Member or Member Organization knowingly represents both the buyer and seller by simultaneously selling and buying pursuant to Rules E22.*

Customer. *The term “Customer” has the meaning attributed to it by Commission Regulation 1.3(k).*

Customer Account. *The term “Customer Account” means an account carried by a Member or Member Organization on behalf of a Customer, which may be another Member or Member Organization.*

Customer Order. *The term “Customer Order” means an Order submitted on behalf of a Customer Account.*

Daily Settlement Price. *The term “Daily Settlement Price” means the price at which a Contract settles at the conclusion of any Trading Day as described in Rule E27.*

Discretionary Order. *The term “Discretionary Order” means an Order for a Customer Account for which the Member or Member Organization has discretion as to the Contract, the price, or the amount purchased or sold.*

Final Settlement Price. *The term “Final Settlement Price” means the price at which a Contract settles at the conclusion of the Last Trading Day for that Contract as described in Rule E27.*

Last Trading Day. *The term “Last Trading Day” means the day specified by the Exchange for the conclusion of trading for the Contract.*

Limit Order. *The term “Limit Order” means an Order to buy or sell a stated number of Contracts at a stated price or better.*

Market Data. *The term “Market Data” means any and all price, quantity, and time data from any and all bids and offers submitted to, and trades executed by or through, the PBOT XL, any data derived from the foregoing, the format and presentation of any such data or information, and the transmissions of such data or information to Members, Member Organizations, any party that has entered into an agreement with the Exchange to distribute the above-described data or information or other Person.*

Market Maker. *The term “Market Maker” means a Member or Member Organization appointed by the Exchange to undertake rights and obligations to facilitate an orderly and liquid market for one or more Contracts pursuant to Rule E10.*

Member ID. *The term “Member ID” means a unique identification code assigned by the Exchange to each Member or Member Organization.*

Non-Clearing Member. *The term “Non-Clearing Member” means a Member or Member Organization that is not a Clearing Member.*

Notice to Members. *The term “Notice to Members” means a written communication titled “Notice to Members” that the Exchange sends to all Members and Member Organizations as described in Rule E36, which has the force and effect of Rules.*

Order. *The term “Order” means an instruction to buy or sell a Contract.*

Order Book. *The term “Order Book” means all Orders received by PBOT XL for a particular Contract that are not immediately filled or cancelled upon entry pursuant to an Immediate or Cancel Order instruction under Rule E14.*

PBOT Best Bid and Offer. *The term “PBOT Best Bid and Offer” means for each Contract then listed and trading through PBOT XL the current highest bid and lowest offer in the Order Book or available by Quote, except as provided by Rule E18(c) and excluding those Orders or Quotes that at the time of receipt are matchable and are due execution pursuant to the procedures described in Rule E18.*

PBOT XL. *The term “PBOT XL” means the electronic trading system maintained by the Exchange for the receipt, entry, cancellation, storage, display, matching, and reporting of Orders and Quotes.*

Proprietary Account. *The term “Proprietary Account” shall have the meaning ascribed to it by Commission regulation 1.3(y).*

Quote. *The term “Quote” means a bid or offer submitted by a Market Maker to transact through PBOT XL in a certain quantity of a Contract at a specified price or better.*

Rule. *The term “Rule” means rules adopted, and Notices to Members published, by the Exchange.*

Trading Day. *The term “Trading Day” means a day that the Exchange is open for trading in a particular Contract.*

- (b) *For all purposes of the Rules, unless otherwise expressly provided:*
- (1) *any time period which expires on a day which is not a Trading Day as defined in Rule E4 will expire on the next succeeding Trading Day;*
 - (2) *all references to the Act or the Commission’s regulations or Rules of the Exchange or Rules of the Clearing Corporation include such provisions as amended, modified, supplemented, restated, or replaced from time to time;*
 - (3) *all references to the Commission includes any successor to the Commission;*
 - (4) *as permitted by the context any gender specific reference also include the other gender; and*
 - (5) *as permitted by the context any reference in the singular includes the plural and vice versa.*

Trader ID. *The term “Trader ID” means a unique personal identification code assigned to a person submitting an order or a quote by or through a Member or Member Organization that is in a form and provided in a manner acceptable to the Exchange.*

Rule E3 Listed Contracts.

The Exchange shall determine and publish through Notices to Members the Contracts listed for trading through PBOT XL.

Rule E4 Trading Days and Hours.

Except as provided in Rule E32 and Rule E33, the Exchange shall determine and publish through a Notice to Members the days on which the Exchange is open for business, the opening and closing hours of the market, and the opening and closing trading times for each Contract.

Rule E5 Market Opening.

(a) *The Exchange shall, by a Notice to Members or other appropriate means, designate a period prior to the market opening during which PBOT XL will accept Orders and Quotes for execution upon market open or for execution during the Trading Day.*

(b) *If the Exchange halts or suspends trading in a Contract prior to the scheduled closing, then before resuming trading in that Contract the Exchange will have a pre-opening period during which PBOT XL will accept Orders and Quotes into PBOT XL, as described in Rule E5(a) above.*

Rule E6 General Trading Standards and Prohibited Practices.

(a) *No Member or Member Organization may accept a Customer Order for submission to PBOT XL unless the Member or Member Organization has provided the Customer with the Uniform Electronic Trading and Order Routing Systems Disclosure Statement or any successor disclosure published by the National Futures Association.*

(b) *No Member or Member Organization shall disclose the existence or terms of an Order not yet disseminated by the Exchange, except to representatives of the Exchange or Commission or otherwise for the sole, necessary, and appropriate purpose of executing the Order.*

(c) *No Member or Member Organization shall aggregate two or more Customer Orders, allocate trades, or provide for average price transactions among Customer Accounts except as provided for in Rules E13, E20, and E23.*

(d) *No Member or Member Organization shall knowingly submit to PBOT XL a Quote or Order for any Contract for the account of that Member or Member Organization or any account in which that Member or Member Organization has an interest while holding an Order of another Person for the same Contract on the same side of the market that is executable at the then current market price or at the price at which the Quote or Order is executable for the account of the Member or Member Organization or an account in which that Member or Member Organization has an interest.*

(e) *No Member or Member Organization shall exercise discretion and submit an Order to or through PBOT XL for an account of another Person without the prior specific consent of that Person; provided, however, that prior specific consent required by this Rule does not apply to an Order for a Proprietary Account of the Member or Member Organization.*

(f) *No Member or Member Organization shall accept or submit any Order to or through the PBOT XL for an employee, agent, or other Person acting on behalf of another Member, Member Organization, or its associated Authorized Traders without the prior written consent of that other Member or Member Organization, which is filed with the Exchange. If an Order for another Member or Member Organization results in a transaction, then the Member or Member Organization through which the Order is submitted to the PBOT XL must promptly send a duplicate confirmation of the transaction to the Person providing the prior written consent of the other Member or Member Organization.*

(g) *Members, Member Organizations, and Authorized Traders Contacts shall not:*

(1) *Engage in practices that may cause degradation of the Exchange's services or facilities, or that may cause a disorderly market, including but not limited to, unwarranted use of cancelling and resubmitting Orders or Quotes;*

- (2) *Engage in pre-arranged transactions other than transactions executed in compliance with Rule E22 and Rule E23; or*
- (3) *Engage in acts, practices, or conduct contrary to the purposes of the Exchange or likely to bring the Exchange into disrepute. These prohibited practices include, but are not limited to:*
 - (i) *effecting a transaction in, or inducing the purchase or sale of, any Contract through any manipulative, deceptive, or fraudulent device or contrivance;*
 - (ii) *engaging in price manipulation or cornering of the market;*
 - (iii) *engaging in wash transactions (or other activities that may or may not involve the making of a Contract) that creates a misleading appearance of activity occurring on PBOT XL and/or causes the reporting of a misleading price level;*
 - (iv) *engaging in accommodation transactions, by which one party enters into a Contract with another party knowing or having reason to know that such transaction was an attempt to conceal a trading abuse;*
 - (v) *engaging in “front-running” or “trading-ahead,” where a party knowingly places an Order or a Quote or executes a trade for a Contract while in possession of material non-public information concerning an imminent Block Trade or Customer Order;*
 - (vi) *engaging in “cherry picking,” where a party assigns a trade for a Customer to the account of another Customer or party (for any reason, even if only temporarily, where the situation is not remedied) and the trade assigned to the other Customer or party*

- is at a superior price than the trade price received by the Customer;*
- (vii) *withdrawing, withholding, disclosing, or taking advantage of a Customer Order in whole or in part for the benefit of any other Person;*
- (viii) *engaging in compensation trades, where one or more parties executes non-competitive trades to transfer money between accounts; and*
- (ix) *engaging in conduct or practices detrimental to the best interests of the Exchange.*

Rule E7 *Responsibility for Orders and Quotes.*

(a) *Each Member and Member Organization is responsible for all Orders and Quotes submitted through its Member ID by any Persons associated with that Member or Member Organization. Each Member and Member Organization must reasonably ensure that all Orders and Quotes submitted through its Member ID are submitted in good faith to execute bona fide trades and that the Orders and Quotes comply with all applicable provisions of the Act, Commission regulations and related requirements, all Rules (including Notices to Members), and all Exchange regulatory and operational orders and procedures.*

(b) *Each Member and Member Organization must have one Authorized Trader Contact. Each Member and Member Organization must provide to the Exchange the name, title, telephone number and other contact information for its Authorized Trader Contact in the manner, format, and following the procedures established by the Exchange and as described in a Notice to Members.*

(c) *An Authorized Trader Contact is responsible for all business conducted by or through the Member or Member Organization's Member ID. Each Authorized Trader Contact must sign*

a written statement provided by the Exchange whereby the Authorized Trader consents to the jurisdiction of the Exchange and the Commission and agrees to observe and be bound by the By-laws and Rules of the Exchange, the Act, Commission regulations and related requirements, and all Exchange regulatory and operational orders and procedures. Among other duties and responsibilities that the Exchange may impose, an Authorized Trader must:

- (1) Have the authority to modify or withdraw any Order or Quote entered under his or her Member Organization's Member ID;*
- (2) Have the ability to identify immediately for the Exchange the sources of all Orders or Quotes submitted under his or her Member Organization's Member ID;*
- (3) Ensure that all activity conducted under his or her Member Organization's Member ID complies with all applicable provisions of the Act, Commission regulations and related requirements, all Rules (including Notices to Members), and all Exchange regulatory and operational orders and procedures; and*
- (4) Ensure that any Person conducting business under his or her Member Organization's Member ID is competent and appropriately trained.*

(d) No Member, Member Organization, or Person associated with a Member Organization shall submit an Order or a Quote to PBOT XL unless the Order or Quote is submitted with Member ID attached in the manner, format, and following the procedures established by the Exchange. Each Member, Member Organization, Authorized Trader Contact, and Person associated with a Member Organization must reasonably ensure that no Member ID is used by any Person not so authorized by the Member, Member Organization, Authorized Trader Contact, or these Rules.

(e) *The Member Organization must identify the Person submitting each Order or Quote by also attaching to the Order or Quote a Trader ID, a unique identifier, in the manner, format, and following the procedures established by the Exchange and as described in a Notice to Members.*

(f) *In the manner, format, and following the procedures established by the Exchange in a Notice to Members, each Member and Member Organization must provide to, and keep current with, the Exchange the contact information for its Authorized Traders Contact so that the Exchange can immediately reach the Authorized Trader Contact when Orders or Quotes are resting in, being submitted to, or being executed by PBOT XL through the Authorized Trader's Member Organization's Member ID.*

Rule E8 **RESERVED**

Rule E9 **Clearing Arrangements.**

(a) *No Member or Member Organization shall submit an Order or a Quote to PBOT XL or accept the transfer of a Contract unless the Member or Member Organization is either a Clearing Member or a Non-Clearing Member guaranteed by a Clearing Member pursuant to this Rule for that Contract.*

(b) *A designated Clearing Member is authorized by the Exchange to clear, carry, and guarantee specified Contracts for itself, its Customers, and Non-Clearing Members. To become a Clearing Member, a Member or Member Organization must (1) apply to a Clearing Corporation and the Exchange, (2) satisfy the criteria established by the Clearing Corporation and the Exchange for Clearing Members, and (3) submit to the Exchange confirmation from the Clearing Corporation that the Member or Member Organization is a member of the Clearing Corporation.*

(c) *To maintain its Clearing Member designation under Rule E9(b), the Clearing Member must at all times continue to satisfy all criteria established by the Clearing Corporation and the Exchange for designation as a Clearing Member for specified Contracts.*

(d) *A Clearing Member must provide the Exchange with a copy of each written agreement guaranteeing the performance of the Non-Clearing Member with respect to a Contract (referred to in Rules E9(d), (e), and (f) as a “Guarantee”). For purposes of this Rule E9(d), a Guarantee (1) guarantees and indemnifies the performance for the Contracts governed by the Guarantee; (2) remains in effect until terminated pursuant to Rule E9(e) notwithstanding any change to the Rules, the terms of any Contract, or the composition of any partnership (including, but not limited to, the death, retirement, admission or withdrawal of a partner); (3) applies to defaults by the Non-Clearing Member on any obligation related to a Contract or other claims governed by the Guarantee; and (4) supplements, but does not substitute, any other agreement whereby the Clearing Member guarantees or indemnifies the Non-Clearing Member.*

(e) *To terminate a Guarantee, either party to the Guarantee (the Clearing Member or Non-Clearing Member) must immediately notify the Exchange of the termination of the Guarantee using the form, providing the information, and following the procedures established by the Exchange. Upon receipt of a request for termination of a Guarantee, the Exchange will act as promptly as required by the circumstances. A Guarantee remains in effect until the Exchange authorizes its termination and notifies both parties. Notwithstanding the termination of the Guarantee, the Clearing Member remains bound by the Guarantee for all Contracts governed by the Guarantee entered into by the Non-Clearing Member before termination of the Guarantee, but is not bound for any Contract made by, or transferred to, the Non-Clearing Member after termination of the Guarantee.*

(f) *If a dispute arises between the Clearing Member and the Non-Clearing Member concerning whether a Contract was entered into or transferred before or after the termination of a*

Guarantee: (1) the Clearing Member has the burden to demonstrate that the Non-Clearing Member entered into the Contract after termination of the Guarantee and (2) the Exchange may, within its discretion, provide the Clearing Member and Non-Clearing Member with information regarding the time at which the Non-Clearing Member entered into or transferred a Contract.

Rule E10 Market Makers.

(a) *To facilitate liquidity and orderliness, the Exchange may, in its sole discretion, appoint one or more Members or Member Organizations to act as Market Makers for one Contract or more.*

(b) *The Exchange may enter into a written agreement with a Market Maker establishing the Market Maker's rights and obligations. Among other possible obligations, the Exchange may require a Market Maker to (1) facilitate a liquid and orderly market, (2) enter into a written agreement specifying the frequency and competitiveness of its Quotes, and (3) maintain records sufficient to prove compliance with the written agreement.*

(c) *Through a Notice to Members, the Exchange will describe the type and nature of obligations imposed on, and rights received by, Market Makers.*

(d) *The Exchange may suspend or revoke a Market Maker's designation if, in the Exchange's sole discretion, a Market Maker fails to satisfy any obligations to the Exchange, including any contractual or other obligations.*

Rule E11 Customer Margin.

(a) **General Rules:**

- (1) *No Member or Member Organization shall effect a transaction or carry a Customer Account without obtaining margin at the times, in the amounts, and in the forms required by this Rule.*
- (2) *If a Member or Member Organization fails to obtain and maintain the required minimum margin deposits for a Customer Account pursuant to this Rule, the Exchange may require that the Member or Member Organization immediately liquidate all or part of the positions in the Customer Account to decrease or eliminate the margin deficiency.*
- (3) *Nothing in this Rule prevents the Exchange, the Clearing Corporation, a Member, or a Member Organization from imposing margin rates or requirements on a Customer that are higher or more stringent than the rates or requirements imposed by this Rule.*
- (4) *Terms used in this Rule, but not otherwise defined by these Rules, have the meaning set forth in the Joint Audit Committee's Margins Handbook. In addition, a Member or Member Organization must follow the procedures specified in the Joint Audit Committee's Margins Handbook for the computation, issuance, collection, and offsets for margin calls and corresponding capital charges for the Member or Member Organization unless the Manual is inconsistent with these Rules, in which case these Rules prevail.*

(b) ***Rates and Requirements:***

- (1) *A Member or Member Organization carrying a Customer Account with Contracts must collect at least the minimum margin requirements*

established by the Exchange. The Exchange will publish the minimum initial and maintenance margin rates and other requirements for each Contract through Notices to Members or other appropriate means. Any changes imposed by the Exchange to initial or maintenance margin rates or requirements apply to both new and existing positions and the Exchange may, within its discretion, establish different margin rates or requirements for different types of accounts.

(2) *Unless otherwise required by this Rule, a Member must use a risk-based portfolio margining system acceptable to the Exchange to calculate the margin rates imposed on a Customer by this Rule.*

(c) ***Account Administration, Classification, and Aggregation:***

(1) ***Omnibus Accounts:*** *A Member or Member Organization must calculate margin requirements for an omnibus account (whether domestic or foreign) on a gross basis. However, a Member or Member Organization may impose maintenance margin rates for positions in the omnibus account and need not impose the initial margin rates. To use spread or hedge margin rates, a Member must obtain a written representation from the omnibus account identifying the positions within the account that are spreads or bona fide hedges.*

(2) ***Bona Fide Hedge Accounts:*** *For bona fide hedging transactions and positions as defined by Commission regulation 1.3(z)(1), a Member or Member Organization may impose maintenance margin rates for the transactions and positions and need not impose the initial margin rates if the Member or Member Organization has a reasonable basis to believe,*

and the Customer represents in writing that, the transactions or positions are for bona fide hedging.

(3) **Aggregation:**

(i) *When determining margin rates, margin calls, and the release of margin deposits, a Member or Member Organization may aggregate identically-owned accounts within the same regulatory account classification of Customer segregated, Customer secured, and non-segregated.*

(ii) *To satisfy a margin deficiency, a Member or Member Organization may not apply available free funds from an identically-owned account that has a different regulatory account classification. Instead, the Member or Member Organization must transfer the free funds from one identically-owned account in one regulatory account classification to another identically-owned account with a different regulatory account classification that is undermargined.*

(iii) *Except for omnibus accounts, a Member or Member Organization may calculate margin requirements on a net basis for concurrent long and short positions in identically-owned accounts within the same regulatory account classification.*

(4) **Extension of Credit:** *No Member or Member Organization shall extend or maintain credit to or for a Customer to evade or circumvent any requirements of this Rule. A Member or Member Organization may extend or maintain (or arrange for the extension or maintenance of) credit to or for a Customer to meet the margin requirements of this Rule only if the credit or loan is secured as defined by Commission regulation*

1.17(c)(3) and the proceeds are treated by the Member or Member Organization in accordance with Commission regulation 1.30.

(d) *Type, Form, and Value of Margin Deposits:*

(1) A Member or Member Organization must only accept the following assets, securities, or instruments as margin deposits, which must be and remain unencumbered by third party claims:

(i) U.S. dollars and foreign currencies,

(ii) U.S. government treasury and agency securities,

(iii) municipal securities,

(iv) readily marketable securities (which means securities traded on a “ready market” as defined by Securities and Exchange Commission rule 15c3-1(c)(11)),

(v) money market mutual funds that meet the requirements of Commission regulation 1.25 (other than securities issued by the Customer or an affiliate of the Customer), and/or

(vi) irrevocable letters of credit in a form, and issued by banks or trust companies, approved by the Clearing Corporation (other than letters of credit issued by the Customer or an affiliate of the Customer).

(2) If a Member or Member Organization accepts securities identified in this Rule as margin deposits, then the Member or Member Organization must

value the securities at no greater than the current market value of the securities less any deductions specified by Securities and Exchange Commission rule 15c3-1.

- (3) *A Member or Member Organization must not consider any guarantee of a Customer Account when determining whether required margin in that account is satisfied.*

(e) ***Margin Calls and Liquidation:***

- (1) *Once additional margin deposits are required pursuant to this Rule, a Member or Member Organization must call for the additional margin as promptly as possible and in any event not more than one business day after the event giving rise to the call. Once the Member or Member Organization calls for the additional margin, the Member or Member Organization must collect the full amount of the required additional margin from a Customer as promptly as possible and in any event within a reasonable time. In a margin call, a Member or Member Organization must require that a Customer deposit additional margin so that the Customer's account at least meets the minimum initial margin requirement (i) when the margin equity in the account initially falls below the minimum maintenance margin requirements and (ii) subsequently when the margin equity plus existing margin calls on the account are less than the minimum maintenance margin requirements.*
- (2) *After a margin call is made by a Member or Member Organization but before the Customer makes the required additional margin deposit, the Member or Member Organization may only accept an Order from the*

Customer to establish a new position if the Member or Member Organization reasonably believes that the Customer will meet the outstanding margin call within a reasonable time. If a margin call to a Customer is outstanding for an unreasonable time, a Member or Member Organization may only accept Orders from the Customer that will reduce the Customer's margin requirements.

- (3) After a margin call is made by a Member or Member Organization, if the Customer fails to deposit the required additional margin deposit within a reasonable time, the Member or Member Organization may, but is not required to, liquidate all or a portion of the Customer's positions to restore the Customer's account to a properly margined level. However, the inability of a Member or Member Organization to liquidate all or a portion of the Customer's positions before the account equity results in a debit or deficit balance does not affect any liability of the Customer to the Member or Member Organization.*
- (4) A Member or Member Organization must make and retain a written record of the date, time, amount, and other relevant information for all margin calls made (whether made by telephone, in writing, or by other means) as well as margin calls reduced, satisfied, or relieved.*
- (5) A Member or Member Organization that liquidates all or a portion of the Customer's positions pursuant to this Rule is not deemed to have extended credit or made a loan to the Customer in violation of this Rule.*

- (f) **Release of Margin:** *A Member or Member Organization may only release free funds in connection with a Customer Account if after release the Customer Account has at least free funds at the initial margin requirement level.*

Rule E12 **Submission of Orders.**

(a) *Members, Member Organizations, and other Persons through Members and Member Organizations may submit Orders and Market Makers may submit Quotes to PBOT XL during the pre-open period and until the end of the Trading Day, but PBOT XL only matches Orders and Quotes during the Trading Day.*

(b) *A Member or Member Organization must ensure that each Order (including an Order submitted through an electronic or automated order routing system pursuant to Rule E19) is recorded and time-stamped immediately upon receipt, execution, and any modification or cancellation.*

(c) *Each Order entered into PBOT XL shall include the following information:*

- (1) *Member ID;*
- (2) *Trader ID for the person submitting the Order;*
- (3) *Contract and Contract Month;*
- (4) *buy or sell;*
- (5) *price;*
- (6) *Order instruction from Rule E14 (if applicable);*
- (7) *quantity;*
- (8) *open or close position indicator as appropriate;*

- (9) *Customer Type Indicator (or “CTI” code) as prescribed by Commission regulation;*
- (10) *Customer Account number, unless a Bunched Order submitted in compliance with Rule E13;*
- (11) *Clearing Account Number; and*
- (12) *clearing origin code (i.e., customer account, firm account, or market maker account as those terms are defined by the Clearing Corporation).*

(d) *A Member or Member Organization shall retain all memoranda reflecting Orders for a Customer Account in accordance with Rule 201 and shall retain those memoranda for the period required in Rule 201. A Member or Member Organization receiving a Customer Order other than in the form of an electronic or written record must comply with the requirements of Commission regulation 1.35(a-1)(1).*

Rule E13 *Bunched Orders.*

(a) *For post-execution allocation of a Bunched Order, a Member or Member Organization acting as an Eligible Account Manager (as defined by Commission regulation 1.35(a-1)(5)(i)(A-D), need not provide, at the time of either Order entry or report of Order execution, specific Customer Account identifiers for accounts included in a Bunched Order, if the Member or Member Organization complies with the requirements of Commission regulation 1.35(a-1)(5)(i)-(iv), as applicable.*

(b) *A Member or Member Organization that executes Bunched Orders or carries accounts eligible for post-execution allocation of Bunched Orders must maintain records that, as applicable, identify each Bunched Order subject to post-execution allocation and the accounts to which*

Contracts executed for the Bunched Order were allocated, as required by Commission regulation 1.35(a-1)(5)(iv)(C).

Rule E14 *Order Instructions.*

Types of Order instructions accepted by PBOT XL are the following:

- (a) **Cancel Leave Order**, which is an instruction to cancel a portion, but not all, of the quantity of a Limit Order and leave the remaining quantity for execution without changing the price or duration parameters of the Order then on the Order Book;*
- (b) **Cancel Order**, which is an instruction to cancel an Order;*
- (c) **Cancel Replace Order**, which is an instruction to cancel a Limit Order and replace it with a new Limit Order that has a different quantity, price, and/or instruction;*
- (d) **Day Order**, which is an instruction that a Limit Order, if not executed, expires at the end of the Trading Day for which it was entered. Unless otherwise specified, an Order for the purchase or sale of a Contract has a Day Order instruction;*
- (e) **Good 'Til Cancelled Order**, which is an instruction that a Limit Order to buy or sell remains in effect until it is either executed or cancelled; and*
- (f) **Immediate or Cancel Order**, which is an instruction to execute a Limit Order as soon as the Order is entered into PBOT XL; any part of an Immediate or Cancel Order executed is reported immediately and any portion not immediately executed is cancelled.*

Rule E15 *Timely Order Entry.*

Unless a Customer instructs otherwise, a Member or Member Organization that receives an Order for the account of another Person shall submit the Order to PBOT XL immediately through an Authorized Trader Contact, or as soon as practicable, and in the sequence received. Unless a Customer

instructs otherwise, if the Member or Member Organization cannot enter Orders received immediately into PBOT XL, then the Member or Member Organization must (a) make a written record in non-erasable form of the Orders received and (b) submit the Orders received into the PBOT XL in the sequence received once able to do so.

Rule E16 *Order Status, Change, or Cancellation.*

(a) *All Orders submitted to PBOT XL are firm and remain open until executed, changed, or cancelled. Except for Good 'Til Cancelled Orders, all open Orders in PBOT XL automatically cancel at the close of each Trading Day.*

(b) *A Member or Member Organization may edit an Order's price, change its quantity, or change its Order instruction in accordance with Rule E14, once the Order Book holds the Order. If the volume is reduced for an Order held in the Order Book, then the Order's position in the time-priority queue remains unchanged. Any other change to an Order is treated as a new Order for purposes of the time-priority queue. To increase the quantity of an Order, the Member or Member Organization may either submit to PBOT XL a new Order for the incremental quantity increase or may enter a Cancel Replace Order for the greater amount.*

Rule E17 *Quote Status, Change, or Cancellation and Submission.*

(a) *Only Market Makers can submit Quotes and all Quotes submitted to PBOT XL are firm and remain open until executed, changed, or cancelled. At the close of each Trading Day all Quotes automatically cancel.*

(b) *A Market Maker may change or cancel a Quote at any time prior to a match with another Quote or Order through the PBOT XL.*

(c) *Each Quote entered into PBOT XL shall include the following information:*

- (1) *Member ID;*
- (2) *Contract and Contract Month;*
- (3) *buy or sell;*
- (4) *price; and*
- (5) *quantity.*

(d) *A Member or Member Organization submitting Quotes must comply with the requirements of Commission Rule 1.35(a).*

Rule E18 Order and Quote Matching.

(a) *PBOT XL matches Orders and Quotes in price priority with the highest bid or lowest offer for a Contract having priority over all other Orders and Quotes for the same Contract Month. When the PBOT XL has multiple Orders or Quotes at the highest bid or lowest offer, then*

(1) *Customer Orders receive priority over Orders for Members or Member Organizations and Market Maker Quotes; and among Customer Orders the first Customer Order in time at a price has priority over all other Customer Orders for the same Contract at the same price; and*

(2) *Orders for Members and Member Organizations and Market Maker Quotes at the same price participate in proportion to the Order or Quote quantity relative to the total quantity of all Member or Member Organization Orders and Market Maker Quotes for the same Contract at the same price.*

(b) *When PBOT XL receives an Order for a Contract that crosses the PBOT Best Bid and Offer (i.e., the Order is either a bid that exceeds the lowest offer or is an offer that is less than the*

highest bid), PBOT XL will reject the Order and notify the Member or Member Organization through which the Order was submitted of the rejection.

(c) When PBOT XL receives a Quote for a Contract that crosses the PBOT Best Bid and Offer (the “Crossing Quote”), PBOT XL (1) establishes a new PBOT Best Bid and Offer reflecting a locked market (i.e., the highest bid equals the lowest offer) and the Crossing Quote becomes either the highest bid or lowest offer as applicable and (2) executes at the new PBOT Best Bid and Offer against the Crossing Quote in price priority Orders and Quotes at or better than the new PBOT Best Bid and Offer until no other executable bids or offers exist and/or the quantity associated with the Crossing Quote is exhausted.

Rule E19 Automated Order-Routing Systems.

(a) If any Member or Member Organization provides any Customer, other Members or Member Organizations, or any other Person access to an electronic or automated order-routing system that enables the submitting of Orders directly to the PBOT XL, then that Member or Member Organization must:

- (1) adopt and enforce written procedures reasonably designed to protect the reliability and confidentiality of Customer Orders and Customer Account information at all points during the order-routing process, and assign responsibility for overseeing the process to individuals who understand how the order-routing process works and who are capable of evaluating whether the process complies with relevant procedures;*
- (2) adopt and enforce written procedures reasonably designed to maintain adequate personnel and facilities for the timely and efficient delivery of*

Customer Orders and reporting of executions, and to timely handle Customer complaints about Order delivery and reporting;

- (3) adopt and enforce written procedures reasonably designed to prevent the order-routing system from being used to create undue financial risks for the Member or the Member Organization or its other Customers;*
- (4) reasonably ensure that the order-routing system has adequate operational capacity and that the operational capacity is consistent with the representations made by the Member or Member Organization to Customers, other Members or Member Organizations, and other Persons; and*
- (5) ensure that the order-routing system complies with all applicable Rules of the Exchange, provisions of the Act, Commission regulations and registration requirements, and rules of the National Futures Association.*

(b) A Member or Member Organization is fully responsible for all Orders submitted directly to PBOT XL through its electronic or automated order-routing system as if the Member or Member Organization had placed each Order itself.

Rule E20 Average Price Transactions.

A Member or Member Organization that is a registered futures commission merchant may confirm for a Customer Account an average price when multiple execution prices are received on an Order or series of Orders if all the following requirements are met:

- (a) The Customer has requested average price reporting and has received appropriate disclosure of the method used to calculate the average price.*

(b) *Each Order is, or series of Orders are, for the same Customer Account or group of Customer Accounts.*

(c) *Each Order is, or series of Orders are, for the same Contract, Contract Month, market direction (i.e., purchase or sale), and Order instructions pursuant to Rule E14.*

(d) *Each individual trade is submitted to, and cleared by, the Clearing Corporation at the price executed.*

(e) *The Member or Member Organization calculates and confirms the weighted average mathematical price by (1) multiplying the number of contracts purchased or sold at each execution price by that price; (2) adding the results together; and (3) dividing the sum by the total number of contracts. For a series of Orders, the Member or Member Organization may compute the average price based on each Order in the series. The Member or Member Organization may confirm to the Customer either the actual average price or an average price rounded up for a buy Order, or rounded down for a sell Order, to the nearest price increment.*

(f) *The applicable confirmation and monthly account statement provided to each relevant Customer indicates that the price represents an average price.*

(g) *The Member or Member Organization does not average its proprietary trades with Customer trades that are subject to average price calculations.*

(h) *The Member or Member Organization creates and maintains records (in accordance to Commission regulation 1.31) to support its average price calculations pursuant to this Rule and the allocations into Customer Accounts and makes those records available for inspection by the relevant Customers upon request.*

Rule E21 Trade Confirmations and Objections.

The Exchange will promptly confirm each trade resulting from the electronic matching of bids and offers through PBOT XL. If appropriate, upon receipt of a trade confirmation, the relevant Member or Member Organization must promptly object in writing to the Exchange; and under no circumstances will the Member or Member Organization object to any trade later than one hour after the close of trading for the relevant Contract on the applicable Trading Day.

Rule E22 Pre-Negotiated Business and Cross Transactions.

(a) *Except as otherwise provided for in Rule E23, a Member or Member Organization may only execute Cross Transactions or seek to match an Order through pre-negotiation with itself or with its other Customers in accordance with this Rule.*

(b) *When pre-negotiating and executing a Cross Transaction for a Customer, a Member or Member Organization must (1) obtain a prior written consent from the Customer which is either a generic or transaction specific consent and (2) act with due skill, care, and diligence, and ensure that the Customer's interests are not prejudiced.*

(c) *When submitting a Cross Transaction to the PBOT XL through this Rule, if only one side of the transaction is a Customer Order, then the Member or Member Organization must submit the Customer Order first to PBOT XL.*

(d) *A Member or Member Organization may enter Orders matched through pre-negotiation immediately into the PBOT XL if, at the time of entry, a bid and an offer exists for the relevant Contract Month in the PBOT XL. Because both Orders submitted pursuant to this Rule are exposed to the market, PBOT XL may not necessarily match the two Orders.*

(e) *If a bid and an offer for a Contract Month does not exist in the PBOT XL, then before submitting Orders in the relevant Contract Month that have been pre-negotiated, a Member or*

Member Organization must (1) submit one Order (in compliance with Rule E22(c), if applicable), (2) wait four seconds, and (3) submit the second Order for the relevant Contract Month. Because both Orders submitted pursuant to this Rule are exposed to the market, PBOT XL may not necessarily match the two Orders.

(f) A Person must not enter a bid and/or an offer into PBOT XL in an attempt to circumvent the requirements of Rule E22.

Rule E23 Block Trades.

(a) A Member or Member Organization may only negotiate and execute Block Trades in Contracts on the Exchange but outside the PBOT XL if all the requirements are met related to (1) hours of trading (Rule E23(b)), (2) minimum quantity (Rule E23(c)), (3) eligible parties (Rule E23(d)), (4) fair pricing (Rule E23(e)), and (5) timely recording and submission of information (Rule E23(f)).

(b) Subject to Rule E32 and Rule E33, a Block Trade may be negotiated and reported to the Exchange at any time during the trading hours on a Trading Day for the applicable Contract except for the last 15 minutes before the close of trading.

(c) A Block Trade may only be executed in a Contract designated as eligible for block trading in the relevant Contract specifications and must meet or exceed the minimum quantity threshold set forth in the Contract specifications. For purposes of meeting the minimum quantity thresholds, a Member or Member Organization must not aggregate separate Customer Orders, except that an adviser (as defined in Rule E23(h)) with discretion over multiple Customer Accounts may aggregate multiple Customer Orders to meet the minimum quantity threshold for a Block Trade.

(d) Each party to a Block Trade must qualify as an “Eligible Contract Participant” (as defined in Section 1a(12) of the Act). An adviser (as defined in Rule E23(h)) with discretion over multiple Customer Accounts may enter into a Block Trade on behalf of its Customers but only if each of

those Customers is an Eligible Contract Participant. For Block Trades negotiated or executed on behalf of a Customer Account, the Member or Member Organization must obtain from the Customer prior written approval to execute Block Trades, which either provides general or Order specific consent.

(e) When negotiating or executing a Block Trade, a Member or Member Organization must ensure that the price quoted represents a fair price for the Block Trade (i.e., the price that the Member or Member Organization considers the best available for a transaction of that size and type). When determining a fair price for a Block Trade, a Member or Member Organization should consider the prevailing price and volume currently available through the PBOT XL, the prices and sizes of transactions in other relevant markets at the relevant time, and general market conditions.

(f) In addition to the requirements of Rule E12(b) and Rule E12(c), for a Block Trade each Member or Member Organization shall record on an Order ticket the identity of the individual arranging the Block Trade and time stamp the Order when negotiation ends. Unless a different time period is designated by the Exchange through a Notice to Members:

(1) for Block Trades negotiated during the trading hours of a Trading Day promptly but no later than 15 minutes after negotiations end for the Block Trade (i) the Member or Member Organization on the selling side of the Block Trade must obtain from the Exchange a trade authorization identification number and provide that trade authorization identification number to the Member or Member Organization on the buying side of the Block Trade and (ii) each Member or Member Organization must submit to the Exchange a completed Block Trade request form.

(2) for Block Trades negotiated at times other than the trading hours of a Trading Day, promptly but no later than 45 minutes before the next open of trading on a Trading Day (i) the Member or Member Organization on

the selling side of the Block Trade must obtain from the Exchange a trade authorization identification number and provide that trade authorization identification number to the Member or Member Organization on the buying side of the Block Trade and (ii) each Member or Member Organization must submit to the Exchange a completed Block Trade request form.

(g) *Upon receipt of the applicable Block Trading request forms, the Exchange will review the information received for the proposed Block Trade. If the market for the relevant Contract is open when the Exchange receives the Block Trade request forms and the Block Trade appears to satisfy the requirements of Rule E23, then the Exchange will immediately disseminate information concerning the Block Trade through the PBOT XL. If the market for the relevant Contract is closed when the Exchange receives the Block Trade request forms and the Block Trade appears to satisfy the requirements of Rule E23, then the Exchange will disseminate information concerning the Block Trade through the PBOT XL prior to the market open on the next Trading Day for the relevant Contract. The Exchange will disseminate the following information concerning Block Trades through PBOT XL: the Contract with a designation denoting that the transaction was a Block Trade, the Contract Month, price, and quantity. The Exchange will not consider Block Trades in calculating either the relevant Daily Settlement Prices or the range of daily prices and the Exchange will report Block Trades separately for purposes of calculating trading volume.*

(h) *For purposes of Rules E23(c) and Rule E23(d) an adviser means any of the following:*

(1) *a commodity trading adviser registered under the Act (or exempt from registration),*

- (2) *an investment adviser registered as such with the Securities and Exchange Commission (or exempt from registration under the Investment Advisers Act of 1940) that is exempt from regulation under the Act and Commission regulations thereunder, or*
- (3) *any Person authorized to perform functions similar or equivalent to those of a commodity trading adviser in any jurisdiction outside the United States that has total assets under management exceeding \$25 million.*

Rule E24 Price Improvement.

- (a) *A Member or Member Organization that obtains a better price executing a Customer Order must offer the entire price improvement to the Customer, subject to Rule E24(b).*
- (b) *A Member or Member Organization that executes a Customer Order for the wrong Contract Month or price, but otherwise executes the trade consistent with the Customer's instructions (1) may offset any loss suffered from the erroneous trade against any improvement achieved for the Customer on a properly executed Order and (2) must offer any net improvement received to the Customer.*
- (c) *If a Member or Member Organization fails to timely submit a Customer Order, then upon discovery of the error the Member or Member Organization (1) may promptly seek to execute the Customer Order at the best obtainable price without obtaining new instructions from the Customer, but (2) must report any resulting trade to the Customer at the price actually executed and provide any price benefit to the Customer. If a Member or Member Organization fails to timely submit a Customer Order and does not upon discovery promptly seek to and execute the Customer Order, then the Member or Member Organization must (1) notify the Exchange and Customer of the error and (2) provide the*

Customer with a monetary adjustment equivalent to the price at which the Customer Order should have been executed.

(d) *If provisions of this Rule E24 conflicts with any instructions of the Customer related to the Customer Order, then the instructions of the Customer prevail.*

Rule E25 *Customer Order Error Correction Procedures.*

(a) *Upon the request of a Member or Member Organization that failed to execute or made an error in executing or reporting a Customer Order (“Erring Member”), the Exchange may, in its sole discretion, permit the correction of the error to protect the interest of the Customer, as provided for in this Rule.*

(b) *To use the provisions of this Rule to correct an error in a Customer Order, the Erring Member must provide the Exchange with (1) a completed and signed error correction request form, (2) evidence that the Order reported to the Customer could have been reasonably executed on PBOT XL, (3) the relevant completed Order ticket or similar record, and (4) any other evidence that the Exchange reasonably requests.*

(c) *If an Erring Member discovers an error in a transaction for a Customer in a Contract when the market is open, then the Erring Member may request the use of the provisions of this Rule if:*

(1) *the price reported to the Customer was worse than the actual transaction execution price, but the Customer declined the price improvement in whole or part,*

(2) *the price reported to the Customer was better than the actual transaction execution price, or*

(3) *the Customer Order was executed in the wrong Contract, Contract Month, or direction (i.e., a buy rather than a sell or vice versa) and if the Erring Member executed the original Customer Order at the current market price the Customer would receive a worse price than the price reported to the Customer.*

(d) *An Erring Member that discovers an error after the market has closed for the relevant Contract must comply with the price improvement provisions of Rule E24(b) except that the Daily Settlement Price for the Contract serves as the reference price to determine whether the price reported to the Customer was better or worse than the current market price.*

(e) *If the Erring Member traded in the wrong Contract, Contract Month, or direction (i.e., a buy rather than a sell or vice versa), then the Erring Member need only offer the net improvement, if any, to the Customer as described in Rule E24(b).*

(f) *If the Erring Member has not executed a trade or executed a trade in the wrong Contract, Contract Month, or direction (i.e., a buy rather than a sell or vice versa) and the current market price for the Order at the time the error is discovered is better than the price erroneously reported to the Customer, then the Erring Member must execute the Customer Order on PBOT XL and may not use the provisions of this Rule.*

Rule E26 *Transaction Nullifications or Modifications.*

(a) *The Exchange, in its sole discretion, may nullify a transaction in a Contract that (1) has taken place outside the “No-Bust Range” as defined in the relevant Contract specifications and (2) which the Exchange determines has taken place at an unrepresentative price.*

(b) *When determining whether to nullify a transaction the Exchange may consider one or more of the following factors:*

- (1) *the opening price levels of the Contract on the PBOT XL;*
- (2) *the price movements in other Contract Months of the same Contract;*
- (3) *the current market conditions, including levels of activity and volatility;*
- (4) *the last trade price for the Contract;*
- (5) *the speed of execution;*
- (6) *the information regarding price movements in related markets, the release of economic data, or other relevant news immediately before or during the trading session;*
- (7) *an obvious error;*
- (8) *the proximity of the trade to the close of the market; and*
- (9) *the impact of the error transactions on other transactions.*

(c) *When nullifying a transaction pursuant to Rule E26(a), the Exchange will act as soon as practicable and will promptly notify the Authorized Traders Contacts for the Member Organizations submitting each side of the transaction of any nullification pursuant to this Rule by telephone or any other means that the Exchange deems appropriate.*

(d) *A Member or Member Organization that executes a transaction in a Contract in error, at an unrepresentative price which is outside the “No-Bust Range” specified in the relevant Contract specifications, may, within 10 minutes of the Order execution, contact the Exchange to seek to modify or nullify the transaction pursuant to Rule E26(a).*

(e) *The Exchange may, within its sole discretion, nullify or modify a transaction in a Contract if an error occurs as a result of a disruption or malfunction of PBOT XL or its related communication or other systems.*

(f) *The Exchange will notify all Authorized Traders Contacts as soon as practicable (through means deemed appropriate by the Exchange) of (1) trades that the Exchange is investigating pursuant to this Rule and (2) trades that the Exchange has modified or nullified pursuant to this Rule.*

(g) *The Exchange's nullification or modification of transactions in Contracts pursuant to this Rule is final.*

Rule E27 Establishment of Settlement Prices.

The Exchange shall establish Daily and Final Settlement Prices at the times and using the methodology established by the Exchange as described in the Contract specifications. Such Daily Settlement Prices are subject to subsequent review and revision by the Clearing Corporation. The time set for determining the Daily Settlement Price or the Final Settlement Price need not coincide with the end of a Trading Day.

Rule E28 Position Limits.

(a) *Unless otherwise provided by this Rule E28, no Person shall own or control, separately or in combination, a net long position or a net short position in a Contract in excess of any position limit established by Commission regulations or the Exchange and set forth in the Contract specifications for that Contract. No Member or Member Organization shall effect a transaction in a Contract that the Member or Member Organization knows or has reason to believe would result in the Member, the Member Organization, a Customer, or any other Person holding or controlling, separately or in combination, a net long position or net short position in excess of a position limit established by Commission regulations or the Exchange.*

(b) *To determine whether a Person is complying with any position limit or accountability reporting requirement established by the Exchange or Commission regulations (1) all positions in accounts for which a Person, by power of attorney or otherwise, directly or indirectly holds*

positions or controls trading shall be aggregated and (2) positions held by two or more Persons acting pursuant to an expressed or implied agreement or understanding shall be aggregated as if the positions were held by a single Person.

(c) The position limits in this Rule do not apply to bona fide hedging positions meeting the requirements of Commission regulation 1.3(z)(1). However, the Exchange may limit bona fide hedging positions or any other positions that have been exempted pursuant to Commission regulation 150.5(e) if the Exchange determines that the positions are not in accordance with sound commercial practices or exceed an amount which may be established and liquidated in an orderly manner.

(d) To request an exemption from Rules E28(a) through and including E28(c), a Person must apply to the Exchange pursuant to this Rule E29(d) by providing the information requested and following the procedures established by the Exchange. When considering whether to grant an exemption, the Exchange will take into account the factors contained in Commission regulation 150.5(d)(1).

Rule E29 Reportable Positions.

Each Member or Member Organization required to file any report, statement, form, or other information with the Commission pursuant to Commission regulations Part 15, 17, or 18 concerning any Contract must simultaneously file a copy thereof with the Exchange. Each Member of Member Organization must submit the report, statement, form, or other information to the Exchange in the form and manner designated by the Exchange.

Rule E30 Transfers of Positions.

- (a) A Clearing Member may transfer a position on its books to:*
- (1) correct errors in an existing Contract, provided that the original trade documentation confirms the error;*

- (2) *transfer an existing Contract from one account to another within the same Member or Member Organization where no change in ownership is involved;*
- (3) *transfer an existing Contract from one Clearing Member to another Clearing Member where no change in ownership occurs; or*
- (4) *transfer an existing Contract through operation of law from death or bankruptcy.*

(b) *Upon written request, the Exchange may, in its sole discretion, allow the transfer of a position as a result of a merger, asset purchase, consolidation, or similar non-recurring transaction for an association, limited liability company, partnership, trust, corporation, or other entity.*

(c) *Clearing Members must transfer positions pursuant to this Rule at the same prices that appear on the books of the transferring Clearing Member, and the transfer must indicate the date when the original trade was made. Each Clearing Member that is a party to a transfer of positions must make and retain records stating the nature of the transaction, the name of the counter-party Clearing Member, and any other information required by the Clearing Corporation.*

Rule E31 *Daily Trading Information.*

Each Member or Member Organization must file with the Exchange a report or reports concerning the Proprietary Account, Customer Accounts, or portions thereof of the Member or Member Organization as the Exchange may require to facilitate the Exchange's compliance with Commission regulation Part 16 or which the Exchange may otherwise deem necessary or appropriate.

Rule E32 *Trading Restrictions and Suspensions.*

(a) *The President or his delegate is authorized at any time to restrict or suspend trading in any Contract if he believes that the restriction or suspension is necessary or appropriate to preserve market integrity, maintain fair and orderly trading, or otherwise further the public interest or for the protection of investors.*

(b) *Any trading restrictions or suspensions imposed pursuant to Rule E32(a) may include without limitation:*

(1) *a change in the closing time and/or the time for determining the Daily Settlement Prices for that Trading Day; and/or*

(2) *a setting of Daily Settlement Prices by the President or his delegate based on the following:*

(i) *the mid-point of PBOT Best Bid and Offer for the Contract Month immediately before the restriction or suspension;*

(ii) *if the mid-point of the PBOT Best Bid and Offer appears unrepresentative of fair market value, then the PBOT Best Bid and Offer will be adjusted by the last representative basis differential; or*

(iii) *any other methodology deemed appropriate by the President or his delegate under the circumstances.*

(c) *The President or his delegate may lift a trading restriction or suspension imposed by this Rule if the President or his delegate believes that trading can resume on a fair and orderly basis and the public interest is served.*

(d) *No trading restriction or suspension imposed under this Rule shall continue for more than two business days (or as soon thereafter as a quorum of the Board can be assembled) unless the Board approves of the continuation of the restriction or suspension.*

(e) *Any trading restrictions or suspensions imposed under this Rule will be communicated by a Notice to Members or other means that the Exchange determines appropriate. The Exchange will document its decision-making process and the reasons for using its authority under this Rule, and consult with Commission staff as necessary and appropriate.*

Rule E33 *Regulatory Trading Halts*

The Exchange shall halt trading of broad-based index futures Contracts at any time that circuit breaker procedures are in place to halt or suspend trading in all equity securities trading on a national securities exchange or national securities association. After the triggering of circuit breaker procedures, the Exchange will resume trading of broad-based index futures Contracts only after trading has resumed in equity securities traded on a national securities exchange or national securities association.

Rule E34 *Restrictions on Message Traffic.*

At any time, the Exchange may, in its sole discretion, restrict the electronic transmissions or submissions to the PBOT XL by Members or Member Organizations of Quotes, Orders, modifications or cancellations of Quotes or Orders, trade reports, and other messages or vice versa (“Message Traffic”) to safeguard the operations or integrity of PBOT XL or to preserve market integrity, fair and orderly trading, or the public interest or for the protection of investors.

Rule E35 *Proprietary Nature of Market Data.*

All Members, Member Organizations, Authorized Traders Contacts, and all employees,

agents, vendors, and other Persons affiliated with the foregoing:

(a) *understand and acknowledge that the Exchange has a proprietary interest in Market Data, the PBOT Best Bid and Offer, and all related trade data and settlement prices relating to all Contracts traded through PBOT XL and the Exchange;*

(b) *agree not to take any action contrary or detrimental to the Exchange's interest and to take reasonable measures to ensure that no such action is taken by any Person affiliated with them.*

Rule E36 Notices to the Exchange, Members, and Member Organizations.

(a) *Members and Member Organizations shall provide any required notice to the Exchange in the manner set forth in these Rules, Notices to Members, or Exchange regulatory or operational orders or procedures, as applicable.*

(b) *A Notice to Members shall become effective at the time published by the Exchange on its website or at any later time as determined appropriate by the Exchange and as stated in the notice. As soon as reasonably practicable, the Exchange shall provide each Member and Member Organization with a copy of a Notice to Members by:*

- (1) *handing a copy to the Member or Member Organization, or*
- (2) *mailing a copy to the Member or to the address supplied to the Exchange by the Member or Member Organization for receipt of Notices to Members, or*
- (3) *transmitting electronically a copy to the Member or Member Organization (including, through a facsimile or electronic-mail transmission) to the address supplied to the Exchange by the Member or Member Organization for receipt of Notices to Members.*

(c) *Subject to Rule E36(a) and except as otherwise expressly provided in the Rules, the Exchange may provide any other notice to a Member, Member Organization, or Authorized Trader Contact by:*

- (1) *handing a copy to the Member, Member Organization, or Authorized Trader Contact, or*
- (2) *mailing a copy to the Member, Member Organization, or Authorized Trader Contact to the address supplied to the Exchange by the Member, Member Organization, or Authorized Trader Contact for notice, or*
- (3) *transmitting electronically a copy to the Member, Member Organization, or Authorized Trader Contact (including, through a facsimile or electronic-mail transmission) to the address supplied to the Exchange by the Member, Member Organization, or Authorized Trader Contact for notice, or*
- (4) *posting the notice on the Exchange's website.*

Rule E37 *Limitation of Liability For PBOT XL.*

(a) *Except for any party found to have engaged in willful or wanton misconduct, neither the Exchange (which for purposes of this Rule E37 includes its parents, subsidiaries and affiliates), its Members or Clearing Members, nor any of its or their respective officers, directors, employees, or agents shall be liable to any Person (including, but not limited to, a Customer) for any losses, damages, costs or expenses (including, but not limited to, loss of profits, loss of use, direct, indirect, incidental or consequential damages) arising from (1) any failure or malfunction of PBOT XL or the Clearing Corporation or any Exchange services or facilities used to support PBOT XL including but not limited to any user interface or any inability to enter or cancel Orders (the "PBOT XL Complex"), or (2) any fault in delivery, delay, omission, suspension, inaccuracy or termination, or any other cause, in connection with the furnishing, performance, maintenance, use of or inability to use all or any part of the*

PBOT XL Complex. The foregoing shall apply regardless of whether a claim arises in contract, tort, negligence, strict liability or otherwise. The foregoing shall not limit the liability of any Member, Member Organization, Clearing Member, or any of their respective officers, directors or employees for any act, incident, or occurrence within their control.

(b) No express or implied warranties or representations regarding the PBOT XL Complex are provided by the Exchange, including, but not limited to, warranties of merchantability and warranties of fitness for a particular purpose or use.

(c) Any dispute arising from the use of PBOT XL or the Clearing Corporation in which the Exchange or any of its or their respective officers, directors, employees or agents is a party shall be construed and enforced in accordance with the laws of the State of Pennsylvania, without reference to that State's choice of law principles. Any 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, and any party bringing such action consents to the exclusive jurisdiction of the U.S. District Court for the Eastern District of Pennsylvania and the Court of Common Pleas of Philadelphia County, Pennsylvania, and waives any objection to venue and any right to trial by jury.

(d) This provision shall in no way create a cause of action and shall not authorize an action that would otherwise be prohibited by the Rules of the Exchange.