

TO: All PBOT Members and Member Organizations

FROM: Market Operations

DATE: October 5, 2006

SUBJECT: Block Trade Procedures

Background

In addition to matching orders and quotes through PBOT XL, the Philadelphia Board of Trade (“PBOT”) allows its members and member organizations (collectively “members”) to negotiate and execute block trades that comply with PBOT Rule E23 outside of PBOT XL. In order to pre-negotiate and execute a block trade through PBOT, a member must comply with all the requirements of PBOT Rule E23. In addition, members must follow the operational procedures set forth in this *Operational Circular*, related to (1) designating an “Authorized Block Trade Reporter” and (2) obtaining a “block trade ID” and timely completing and submitting a “Proposed Block Trade Request Form.”

Authorized Block Trade Reporter

To facilitate the timely, accurate, and authorized submission of proposed block trades, the PBOT requires members to designate and register with the PBOT Market Operations Desk at least one “Authorized Block Trade Reporter” before submitting proposed block trades. While the member’s Authorized Trader Contact remains responsible for any proposed block trade, only a duly designated and registered Authorized Block Trade Reporter can submit a proposed block trade to the PBOT Market Operations Desk.¹ To register an Authorized Block Trade Reporter, a member must complete and submit PBOT’s “Authorized Block Trade Reporter Form.”² However, the registration of a member’s Authorized Block Trade Reporter only becomes effective upon approval and notification of the PBOT Market Operations Desk.

Proposed Block Trade Request Form

As required by PBOT Rule E23(f), the member submitting a proposed block trade on the selling side of the proposed transaction (the “selling member”) must timely obtain from the PBOT a trade authorization identification number, known as a block trade ID. To obtain the block trade ID, the selling member must contact the PBOT Market Operations Desk by email at pmod@phlx.com or by telephone at 888-353-8114. Also pursuant to PBOT Rule E23(f), once the selling member obtains the block trade ID, that member must immediately provide the number to the other member, if any, handling the proposed buy side of the block trade.

¹ See PBOT Rule E2(a) (defines “Authorized Trader Contact”); see also PBOT Rule E7 and PBOT *Notice to Members* 02-2006 (describe the duties and responsibilities of Authorized Trader Contact).

² See Attachment A for a copy of “Authorized Block Trade Reporter Registration Form.”

After receiving the block trade ID, each member handling a proposed block trade (unless one member is handling both sides) must accurately and legibly complete and submit a "PBOT Block Trade Request Form" to PBOT Market Operations Desk by email at pmod@phlx.com or by facsimile to 888-353-8114.³

Members are reminded to give themselves adequate time to obtain (and provide to the other side, if necessary) the block trade ID and to complete and submit a PBOT Block Trade Request Form within the time periods specified in PBOT Rule E23(f). Specifically, pursuant to PBOT Rule E23(f), a member must submit, and the PBOT must receive, the completed Block Trade Request Form (1) no later than 15 minutes after negotiations end for block trades negotiated during trading hours of the exchange and (2) no later than 45 minutes before the next open of trading for block trades negotiated after trading hours of the exchange.

If you have questions regarding this *Operational Circular* please contact Dennis Boylan at the PBOT Market Operations Desk at 888-353-8114

³ See Attachment B for a copy of "Proposed Block Trade Request Form."

**ATTACHMENT A
Authorized Block Trade Reporter Registration Form**

Member Name: _____

Member ID: _____

The undersigned Authorized Trader Contact hereby certifies that the person or persons listed below ("Authorized Block Trade Reporters") are authorized to submit proposed block trades on behalf of the above-designated member or member organization. I understand that pursuant to PBOT Rule E7 and *Notice to Member* 02-2006 I remain responsible for block trades submitted by or through my firm's Member ID. Send this completed form to the PBOT Market Operations Desk for approval by email at pmod@phlx.com or by facsimile to 888-353-8114.

Authorized Block Trade Reporters

Name of Authorized Block Trade Reporter	Trader ID for Authorized Block Trade Reporter or other unique number	Password (6 character maximum)	Telephone Number

Affirmed by:

Authorized Trader Contact (printed name)

Signature of Authorized Trader Contact and Date

Authorized Trader Contact E-mail Address

Authorized by:

PBOT staff (printed name)

Signature of authorized PBOT staff and Date

PBOT staff contact number and E-mail Address

For official use only

**ATTACHMENT B
Proposed Block Trade Request Form**

INSTRUCTIONS:

1. An Authorized Block Trade Reporter must complete all parts of this form (either manually or electronically). PBOT will reject the form if any information is incomplete or illegible or the instructions are not followed.
2. Members, member Organizations, and their employees and persons associated with them (including Authorized Trader Contacts or Authorized Block Trade Reporters) must comply in all respects with PBOT Rule E23.
3. Before submitting this form, the member submitting a proposed block trade on the selling side of the proposed transaction (the "selling member") must obtain a block trade ID from the PBOT Market Operations Desk by email at pmod@phlx.com or by telephone at 888-353-8114. The selling member must immediately provide the number to the other member, if any, handling the proposed buy side of the block trade.
4. Pursuant to PBOT Rule E23(f), each member must submit, and the PBOT must receive, the completed Block Trade Request Form (1) no later than 15 minutes after negotiations end for block trades negotiated during trading hours of the exchange and (2) no later than 45 minutes before the next open of trading for block trades negotiated after trading hours of the exchange.

BLOCK TRADE ID:

Proposed Trade Details		
Symbol: _____	Volume: _____	Price: _____
Time at End of Negotiation: _____		

BUY SIDE	SELL SIDE
Member ID:	Member ID:
Authorized Trader ID:	Authorized Trader ID:
Open or Close Position Indicator (as applicable):	Open or Close Position Indicator (as applicable):
CTI Code:	CTI Code:
Customer Account Number:	Customer Account Number:
Clearing Account Number:	Clearing Account Number:
Clearing Origin Code:	Clearing Origin Code:

Authorized Block Trade Reporter (printed name)

Authorized Block Trade Reporter (printed name)

Signature and Date

Signature and Date

For Official Use Only	Time: _____
Fax Submission: <input type="checkbox"/>	Email Submission: <input type="checkbox"/>
Accepted: <input type="checkbox"/>	Reject: <input type="checkbox"/>