



Complete and current CME Rulebook  
available on the CME's web site at:  
[www.cme.com/rulebook](http://www.cme.com/rulebook)

# SPECIAL EXECUTIVE REPORT

S-3976

July 11, 2003

## **RULE 536 E. Customers' Orders – Orders Eligible For Post Execution Allocation**

Please be informed that amendments to CFTC Rule 1.35 (a-1)(5), which allows certain account managers to bunch customer orders for execution and to allocate them to individual accounts at the end of the day, become effective today, Friday, July 11, 2003. Also effective today, CME will operate in compliance with this amended CFTC rule.

In summary, these amendments expand the availability of bunching to all customers, simplify the process, and clarify the respective responsibilities of account managers and Futures Commission Merchants (FCMs). With respect to allocations at the end of day, the rule states that account managers must provide allocation information to FCMs before the end of the trading day during which the order is executed.

For purposes of this rule, and consistent with current post execution allocation requirements as defined in Rule 536, CME defines the end of the day as the close of each trade's respective market (e.g. 1:00 p.m. for Live Cattle, 3:15 p.m. for S&Ps, and 4:00 p.m. for Eurodollars on GLOBEX).

### **End-of-Day Allocation Timeframe Example**

The existing 60-minute standard (i.e. give-ups must be allocated within 60-minutes of execution; and must be claimed within 60-minutes of allocation) for allocating and claiming give-up trades does not change with respect to the CFTC Rule amendment. For example, in the context of the S&P 500 market, all bunched post execution allocation trades executed from the market's opening through the close at 3:15 p.m. must adhere to the following time standard:

By 4:15 p.m. - executing firms must complete their give-up trade allocations to carrying clearing firms. Accordingly, account managers must provide allocation information to their executing FCMs in a timeframe sufficient to comply with this requirement.

By 5:15 p.m. – carrying clearing firms must complete their give-up trade acceptances (or rejections).

Failure to comply with the submission requirements (both the submission timeframe and the submission of accurate account numbers with the final allocations) may constitute a rule violation.

If you have any questions regarding these procedures, please call Eric Wolff, Managing Director, Regulatory Division, at 930-3255, or Stephen Staszak, Director, Clearing House Department, at 930-3189.