



Special Executive Report

S-9259

September 15, 2023

Amendments to CME, CBOT, and NYMEX/COMEX Rule 532 (“Disclosing Orders Prohibited”)

Effective on trade date Friday, September 29, 2023, pending all relevant CFTC regulatory review periods, Chicago Mercantile Exchange Inc. (“CME”), The Board of Trade of the City of Chicago, Inc. (“CBOT”), New York Mercantile Exchange, Inc. (“NYMEX”), and Commodity Exchange, Inc. (“COMEX”) (collectively, the “Exchanges”) will amend CME CBOT, and NYMEX/COMEX Rule 532. (“Disclosing Orders Prohibited”).

Rule 532. prohibits the disclosure of, and action based on, non-public order information. This Rule always prohibited the use of non-public order information however acquired, and specifically protected customer order information. Currently, other types of material non-public information are not protected by Rule 532. When improper usage of other material non-public information is identified, the parties may be in violation of other Exchange rules, including but not limited to Rule 432. (“General Offenses”).

Additionally, the CFTC published a [Fact Sheet](#) regarding anti-manipulation and anti-fraud rules codified in 17 CFR 180 (“Rule 180.1”), which explains that trading on the basis of material non-public information in breach of a pre-existing duty, or trading on the basis of material nonpublic information that was obtained through fraud or deception, may violate final Rule 180.1.

In an effort to better align Rule 532. with CFTC final Rule 180.1 and associated guidance regarding material non-public information, and to explicitly protect non-public information beyond non-public order information, CME, CBOT, and NYMEX/COMEX Rule 532. (“Disclosure of Orders Prohibited”) will be amended to codify that all non-public information should only be used properly.

The amendments to CME, CBOT, NYMEX/COMEX Rule 532. are set forth below with additions underscored and deletions ~~overstruck~~.

Questions regarding the above may be directed to Erin Middleton, Director, Rules & Regulatory Outreach, at 312.341.3286.

CME, CBOT and NYMEX/COMEX Rulebooks
Chapter 5
(“Trading Qualifications and Practices”)
(additions are underscored; deletions are ~~overstruck~~)

532. DISCLOSING—ORDERSIMPROPER USE OR DISCLOSURE OF NON-PUBLIC INFORMATION PROHIBITED

~~With the exception of transactions executed in accordance with the requirements of Rules 526, 538 and 539, Except as permitted by other Exchange rules, including, but not limited to, Rules 526, 538 and 539,~~
no ~~p~~erson shall:

- a. Directly or indirectly trade (or enter, cancel, or modify an order) on the basis of material non-public information when he knows or reasonably should have known the information was

obtained or disclosed through fraud, deception, or in violation of a pre-existing duty (established by law, rule, agreement, understanding, or some other source);

b. Disclose material non-public information when he knows or reasonably should have known the disclosure of the information would violate a pre-existing duty (established by law, rule, agreement, understanding, or some other source) owed to another, except when the disclosure is made to an Exchange official, a permitted government official, or is required by law; ~~disclose another person's order to buy or sell except to a designated Exchange official or the CFTC, and no person shall solicit or induce another person to disclose order information. No person shall take action or direct another to take action based on non-public order information, however acquired.~~

c. Solicit or induce another person to disclose material non-public information.

The mere statement of opinions or ~~indications of the price at which a market may open or resume trading~~ general market conditions ~~does not constitute a violation of this rule.~~ ~~An order for execution is material and not public information until it has been exposed to the market.~~

[Please note that the following sentence in the CME version of Rule 532 will also be removed: ~~An order for pit execution is not considered public until it has been bid or offered by open outcry.~~]