



October 1, 2009
ELXNTP-REG-09016

AMENDMENTS TO ELX RULE IV-9 TRADE CANCELLATIONS AND PRICE ADJUSTMENTS

Please be advised that ELX Futures, L.P. (“ELX Futures”) has amended Rules IV-9 (c)(ii) to provide additional reference prices for use in adjusting prices in the event of a trade executed outside of the No Bust Range. The additional references include the day’s trading range and a price within the No Bust Range that is agreeable to the parties involved in the trade. The amendment was made effective as of trade date Wednesday, September 30, 2009.

A copy of the new rule with revisions highlighted is provided as an attachment to this notice.

Please contact ELX Support at 877-359-6610/212-294-7771 or via e-mail at support@elxfutures.com with any questions.

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 = additions and ~~striethrough~~ = deletions

IV-9 Trade Cancellations and Price Adjustments

(a) *Trade Cancellation Authority.*

The Exchange's trade cancellation policy authorizes the Board, through its designee the Compliance Director (or the Compliance Director's delegate) (the "Designee"), to adjust trade prices or cancel (bust) trades when such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of the ELX System or by system defects. Notwithstanding any other provision of this Rule IV-9, the Designee may adjust trade prices or cancel any trade if the Designee determines that allowing the trade to stand as executed may have a material, adverse effect on the integrity of the market, provided, however, that any such determination by the Designee (if other than the Compliance Director) will be subject to review by the Compliance Director if the Designee determines such review to be necessary or appropriate. Subject to the immediately preceding sentence, the decision of the Designee shall be final.

(b) *Review of Trades.*

The Designee may review a trade based on its analysis of market conditions or a request for review by a user of the ELX System. A request for review must be made within five minutes of the execution of the trade. The Designee shall promptly determine whether the trade will be subject to review, and upon deciding to review a trade, the Designee will promptly issue an alert to all Participants, Authorized Traders and Authorized Customers on the ELX System indicating that the trade is under review.

In the case of Contracts determined by the Designee to be illiquid, the Designee may initiate a review up to one hour after the execution of the trade, and has the authority, but not the obligation, to review trades reported more than one hour following execution if it determines that the trade price was significantly out of line with fair value.

In the course of its review of any trade, the Designee may, but is not obligated to, inform any of the parties to the trade of the identity and contact information of any other party to the trade.

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(c) *Trade Price Adjustment and Cancellation Process.*

The Designee will first determine whether the trade price is within the No Bust Range. During fast market conditions, upon the release of significant news, or in other circumstances in which the Designee determines it is appropriate, the Designee may, without prior notice, temporarily increase the published No Bust Range, up to an amount that is double the published range.

In applying the No Bust Range, the Designee shall determine the market price for that Contract immediately before the trade under review (the "Market Price"). The Designee may consider any relevant information, including the existing market conditions, the volatility of the market, the prices of related instruments in other markets, the last trade price on the ELX System, a better bid or offer price, a more recent price in a different Contract month, the price of the same or related Contract established in open outcry trading and any other factors that the Designee deems relevant.

(i) Trade Price Inside the No Bust Range.

If the Designee determines that the price of the trade was inside the No Bust Range, the Designee will promptly issue an alert to all Participants, Authorized Traders and Authorized Customers on the ELX System indicating that the trade shall stand.

(ii) Trade Price Outside the No Bust Range.

If the Designee determines that a trade price is outside the applicable No Bust Range, the trade price shall be adjusted to a price agreed upon in a reasonable time by a Person not responsible for an Order that results in a trade price adjustment that is within the No Bust Range or in the absence of such agreement to a price that equals the Market Price for that Contract at the time of the questioned trade, plus or minus the standard or adjusted No Bust Range, provided, however, that in the event that such adjusted price would be outside the trading range of the day at the time of the questioned trade, then such adjustment shall be limited to the trading range as applicable. In the event there are multiple parties, prices and/or Contracts involved in the transactions at issue, the Designee has the authority, but not the obligation, to bust rather than price adjust such transactions. The Designee will promptly issue an alert to all Participants, Authorized Traders and Authorized Customers on the ELX System indicating that the prices of the trades

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outside the No Bust Range have been adjusted to the No Bust Range limit or have been busted.

(A) Liability for Losses Resulting from a Price Adjustment or Trade Bust.

(B) Price-Adjusted Trades

A Person responsible for an Order that results in a trade price adjustment shall generally not be liable for losses incurred by Persons whose trade prices were adjusted, except that a Person responsible for an Order(s) that results in a trade price adjustment shall be liable for actual losses incurred by Persons whose Stop Orders, Stop Limit Orders, Stop With Protection Orders, MIT Orders or MIT Limit Orders (each, a "Conditional Order") were executed as a result of the Order(s). The compensable loss on each Futures Contract executed as part of any Conditional Order shall be the difference between the adjusted price, as determined by the Designee, and the price in the market at the time the Person knew or should have known that any such Conditional Order was erroneously executed.

(C) Busted Trades

A Person responsible for an Order that results in a trade bust may be liable for the reasonable out-of-pocket losses incurred by Persons whose trades were busted or Persons whose Conditional Orders were executed and not busted. Issues of liability in such cases will be determined based upon all relevant facts and circumstances, including the conduct of the respective parties.

(d) *Claim Process.*

A claim for a loss pursuant to Rule IV-9(c)(iii)(A) must be submitted to the Exchange, on an Exchange claim form, within five Business Days of the price-adjusted trade giving rise to the claim. The Exchange shall reject any claim that is not permitted by Rule IV-9(c)(iii)(A) and such decision shall be final. All claims which are not rejected by the Exchange shall be forwarded to the party responsible for the Order(s) that resulted in a price adjustment and to the Clearing Privilege Holder through which the trade was placed. Such party, or the Clearing Privilege Holder on behalf of the party, shall, within ten Business Days of receipt of the claim, admit or deny responsibility in whole or in part. The liability for losses for a single incident shall be limited to \$500,000.

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To the extent that liability is admitted, payment shall be made within ten Business Days. If liability is admitted but the total claims exceed \$500,000, the claims shall be reduced pro rata so that the total payment does not exceed \$500,000. To the extent that liability is denied, the claims shall be submitted to arbitration in accordance with Chapter VIII.

A claim for a loss pursuant to Rule IV-9(c)(iii)(B) must be pursued under the arbitration rules of Chapter VIII.

(e) *Trade Cancellation or Offset Procedures.*

Upon a determination by the Designee that a trade shall be busted or that trade prices shall be adjusted, that decision will be implemented. The busted trade price and any price quotes that have been adjusted will be reflected as cancelled in the Exchange's official record of time and sales.

(f) *Transfer Trades.*

Positions that result from a trade determined by the Designee to be outside the No Bust Range that cannot be busted because the trade was not reported within five minutes of the execution of the trade may be transferred between the parties using a transfer trade upon agreement of the parties (a "Transfer Trade"). The Transfer Trade must use the original trade price and quantity. Any party may, but is not required to, include a cash adjustment to another party to the trade. Trades determined by the Designee to be inside the No Bust Range may not be reversed using a Transfer Trade.

(g) *Arbitration of Disputes Regarding Transfer Trade.*

If a party does not agree to transfer a position pursuant to Rule IV-9(f), any other party to the trade may file an arbitration claim against the Person representing the other side of the trade. Written notice of such claim must be provided to the Exchange within five Business Days of the execution of the trade. Failure to file the claim within five Business Days shall be deemed a waiver of all claims. The arbitration claim will be conducted in accordance with Chapter VIII.

(h) *Voluntary Adjustment of Trade Price.*

When a trade outside of the No Bust Range is busted in accordance with this Rule IV-9, the parties to the trade may agree voluntarily to reestablish the trade but to adjust its price and make a cash adjustment provided that all of the following conditions are met:

- (i) The Designee approves the adjustment.

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(ii) The quantity of the position being reestablished is the same as the quantity of the trade that was busted.

(iii) In the case of a trade below the Market Price, the adjusted price must be the lowest price that traded at or about the time of the trade without being busted. In the case of a trade above the Market Price, the adjusted price must be the highest price that traded at or about the time of the trade without being busted.

(iv) The parties to the adjusted trade must report it to the ELX System using a Transfer Trade not later than the close of business on the Business Day after the trade occurred.

(i) *Busting Trades After System Malfunction.*

In the event that the matching engine malfunctions with live Orders in the queue waiting to be matched, such Orders may be matched when the system is restored before the Designee halts the matching engine. The Designee is authorized to bust trades resulting from such matches if the price of such trades is outside of the No Bust Range at the time that a confirmation of the trades was sent.

(j) *Schedule of Administrative Fees.*

When the Designee busts a trade, the party responsible for entering the Order into the ELX System that gave rise to the trade bust shall pay an administrative fee to the Exchange in accordance with the following schedule. The fee is \$250 for each of the first five occasions in a calendar year where a party's order entry results in a trade bust, \$500 for each of the next three occasions within the same calendar year where a party's order entry results in a trade bust, and \$1,000 for each subsequent occasion within the same calendar year where a party's order entry results in a trade bust.