Proposed Amendments to the Futures Trading Rules

PROPOSED FTR AMENDMENTS

Chapter 3 Conduct of Members, Approved Traders and Representatives

3.3 Duties of Members Undertaking Agency Trades

3.3.20 Limits on Omnibus Accounts

The Exchange may place limitations on a Member carrying Omnibus Accounts depending on:

(a) the number of Omnibus Accounts carried and volume of business of the Member; and

(b) the financial condition of the Member and the Omnibus Account holders in light of requirements or standards determined by the Exchange. A Member that carries Omnibus Accounts shall ensure that the Omnibus Accounts are operated at all times in accordance with this Rules including the relevant rules on position limits <u>and position accountability</u>, and shall, without prejudice to any other liability it may incur, indemnify the Exchange in relation to any claim referable to such violation.

Chapter 4 Listing and Trading of Contracts

4.1 Rules Applicable to All Classes of Contracts Listed on the Markets

4.1.17 Position Limits

The Exchange may, from time to time, establish limits on the positions owned or controlled by any Person or Persons acting in concert with respect to any Contract. A Clearing Member may apply on behalf of any Person for an increase in that Person's position limits in applicable Contracts, subject to the conditions set forth in the Clearing Rules.

4.1.17A Position Accountability

(a) The Exchange may establish position accountability thresholds on the positions owned or controlled by any Person or Persons acting in concert with respect to any Contract where limits on positions are not applied.

(b) Upon request by the Exchange, a Member shall provide information, including but not limited to, the nature and size of the position, the trading strategy employed with respect to the position, and hedging information (if applicable), of any Person or Persons acting in concert with respect to any Contract when such position accountability thresholds have been exceeded.

4.1.18 Accumulation of Positions

With respect to the computation of position limits and position accountability, the positions of all accounts directly or indirectly owned or controlled by a Person or Persons, and the positions of all accounts of any Person or Persons acting in concert and the positions of all accounts in which a Person or Persons have a proprietary or beneficial interest, shall be accumulated and deemed to be positions of each of such Persons as if each owned or controlled all the accumulated positions individually. The Exchange may from time to time provide exemptions to this Rule 4.1.18.

PROPOSED FTR AMENDMENTS

4.1.18A Reduction of Positions

Where any person has exceeded such position limits imposed or approved by the Clearing House, or exceeds such position accountability thresholds, the Exchange, if it deems it necessary in the interest of maintaining a fair, orderly and transparent market, may subject the Member to one or more of the following:

(a) to cease any further increase in the person's positions;

(b) to liquidate the person's positions to comply with the position limits or to reduce it below the position accountability thresholds within such time as may be prescribed by the Exchange; or

(c) to trade under such conditions and restrictions as the Exchange may consider necessary to ensure compliance with the prescribed position limits or to reduce the positions below such position accountability thresholds.

Schedule A – Chapter 4 – Listing and Trading of Contracts													
Rule Violation		Whether composition may be offered	Composition Amount which may be Offered by the Exchange, where the Exchange has Determined the Member, Approved Trader and/or Registered Representative to be Liable									Mandatory minimum penalty	
Rule Chapter/N	Brief Description of Rule		Members			Approved Traders			Registered Representatives			imposable the DC	by
umber			1 st	2 nd	3 rd	1 st	2 nd	3 rd	1 st	2 nd	3 rd		
			violatio n	violatio n	violatio n	violat ion	violat ion	viola tion	viola tion	viol atio n	viol atio n		
<u>4.1.17A</u>	Membertoprovideinformationasandwhenrequested by the Exchange	Compoundable	<u>\$2,000 -</u> <u>\$4,000</u>	<u>\$4,000 -</u> <u>\$7,000</u>	<u>\$7,000 -</u> <u>\$10,000</u>	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>	
<u>4.1.18A</u>	MembertocomplywithenforcementinstructionsuponnotificationbytheExchange	Compoundable	<u>\$2,000 -</u> <u>\$4,000</u>	<u>\$4,000 -</u> <u>\$7,000</u>	<u>\$7,000 -</u> <u>\$10,000</u>	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>	<u>N.A.</u>	