

**NOTICE TO MEMBERS #2012-26**

(This replaces Notice to Members 2012-24)

Date: September 12, 2012

RE: Pre-Execution Discussions and Cross Trades

Effective Date: September 14, 2012

Pre Execution Discussions

In accordance with OneChicago Rule 614, the Exchange permits Members and Access Persons to engage in pre-execution discussions pursuant to which one part may agree in advance to take the opposite side of the other party's order for a transaction to be executed on the Exchange, on the following conditions

1. Customers of each such party must consent to allow pre-execution discussions with other market participants;
2. Any Member or Access Person who is solicited to participate in a OneChicago transaction through pre-execution discussions shall not (i) disclose to any other party the details of such discussions or (ii) enter an order or quote through the Exchange to take advantage of information conveyed during such discussions unless such Member or Access Person has agreed during the pre-execution discussions to participate in the transaction in accordance with this policy and the order or quote is entered to implement that agreement; and
3. Except for bilateral block trades conducted pursuant to Rule 417 and bilateral exchange of future for physical transactions conducted pursuant to Rule 416, period of four seconds shall elapse between entering the first order or quote and entering the second order for the opposite side. The order or quote initially entered may be filled or lifted by a third party during the four-second waiting period rather than consummating the transaction with the intended party as contemplated by the pre-execution discussions

Cross Trades

1. In accordance with OneChicago Rules 409 and 610, any Member or Access Person may cross orders including exchange futures for physical and blocks provided that the Member or Access Person enters one side of the trade (which shall be the Customer's side in the event that the Member or its affiliate is taking the other side) into OneChicago's trading system at least four seconds before entering the order for the opposite side.
2. Notwithstanding the foregoing, any Member or Access Person shall not be in violation of Rule 409 and 610 due to cross trades as defined above, where neither Member nor Access Person has knowledge of the other's Order and there is no coordination or prearrangement of the cross trade, provided that the relevant Member or Access Person shall be responsible, upon the request of OCX, to demonstrate to OCXs reasonable satisfaction, that neither Member nor Access Person had knowledge of the other's Order.