



Errant Trade Submission Handling for Eris BlockBox™ Trades

In the event that a Trader or Broker enters a trade in Eris BlockBox incorrectly, Trading Firms can notify the Eris Control Center (ECC), which is empowered to act pursuant to Eris Exchange Rule 539 "Trade Cancellations and Price Adjustments."

Below are two examples of ECC intervention

1. *Incorrect Trade Terms*

Broker submits Block Trade on behalf of two Trading Firms with the wrong Block Trade notional quantity, coupon, or tenor. (Two Traders agree on a Block Trade quantity of 50MM notional and the Broker enters 500MM notional by mistake.)

- a. Trading Firms receive email notifications and observe in Eris BlockBox that the quantity entered is incorrect.
- b. Trading Firms (or Broker) notify ECC by phone that a Block Trade has been submitted with the incorrect notional amount, coupon, or tenor. (ECC verifies identity of caller using previously submitted security information such as mother's maiden name.)
- c. ECC notifies the Trading Firms by phone that Block trade was entered incorrectly and will be busted.
- d. ECC informs the CME of the error trade and CME reverses the trade.
- e. ECC or Broker enters a new Block Trade with the correct trade details
- f. Net result: Trading Firms have one correct trade at the end of the day, with the original error trade reversed out.

2. *"Trade Stuffing"*

Broker submits a Block Trade on behalf of a counterparty without consulting one or more of the Counterparties, in violation of the Eris Exchange Rulebook.

- a. Trading Firm receives email notifications and observes in Eris BlockBox that a Broker has reported a Block Trade that the Counterparty did not execute.
- b. Trading Firm notifies ECC via phone, ECC calls Trading Firms and Broker to review trade.
- c. ECC determines to let the trade stand or bust pursuant to Eris Exchange Rule 539 "Trade Cancellations and Price Adjustments". ECC notifies Trading Firms and Broker by phone, and instructs CME to reverse any busted trades.
- d. If warranted, the Eris Exchange Market Regulation Department opens an investigation to determine whether there has been a rulebook violation.

For any questions on the above information please contact the ECC at 888-587-2699 Option 1 or ErisControlCenter@erisfutures.com.

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