



**Application for Clearing Membership  
Agreement for CBOT Clearing Membership – Banks**

1. Applicant \_\_\_\_\_
2. Indicate if the memberships and CME Group Inc. shares will be purchased or assigned.

Memberships will be:

- ☐ Purchased
- ☐ Assigned
- ☐ Combination Purchased/Assigned  
(check one)

Shares will be:

- ☐ Purchased
- ☐ Assigned
- ☐ Combination Purchased/Assigned  
(check one)

Completed applications along with the supporting documentation and the Application for Clearing Membership – Corporate Information should be submitted to:

CME Group Inc.  
Audit Department  
20 S. Wacker Drive  
Chicago, IL 60606



### **Attestation, Authorization and Agreement for Membership**

On behalf of my organization, I make this application for CBOT Clearing Membership on Chicago Board of Trade, Inc. ("CBOT").

I represent that my organization meets all of the requirements for CBOT Clearing Membership which is applied for. I do hereby agree that, if my organization is accepted as a Clearing Member of CBOT, it and its representatives will observe and be bound by the Bylaws, Certificate of Incorporation, all rules (as that the term is defined in the CBOT Rulebook) of CBOT including but not limited to the Rules contained in the CBOT Rulebook published at <http://www.cmegroup.com/market-regulation/rulebook/index.html> and all amendments thereto from time to time. All Rules of CBOT including but not limited to the Rules contained in the CBOT Rulebook and all amendments thereto from time to time are hereby incorporated fully herein as if set out fully herein.

**On behalf of my organization, except as otherwise provided in Chapters 4, 5 and 6 of the CBOT Rulebook, I hereby consent to the exclusive jurisdiction of any federal or state court in Chicago, Illinois with respect to any action between my organization and CBOT and/or a CBOT affiliate arising from this Agreement or the organization's CBOT Clearing Membership, and hereby waive any right to transfer the venue of such litigation. I further agree that this Agreement and the Rules of CBOT and all amendments thereto shall be governed by and construed in all respects by the laws of the State of Illinois, without giving effect to principles of conflict of law.**

I authorize CBOT and/or CME Group Inc. to obtain information from sources that they deem appropriate in order to adequately evaluate and process this application. In addition, I authorize CBOT and/or CME Group Inc. to disclose or release any information regarding the organization to U.S. or foreign securities and futures regulators or markets. Such disclosure or release may only be made based on a regulatory need, or if otherwise authorized by the information-sharing agreements or procedures of the Intermarket Surveillance Group, the Intermarket Financial Surveillance Group, or the International Information Sharing Memorandum of Understanding and Agreement of March 15, 1996, or as otherwise permitted or required by law. I represent that I have the authority to legally bind the organization with respect to the authorization to release information in the circumstances set forth above.

I further acknowledge and agree to abide by the requirements for such clearing membership including the requirements regarding member firm trading activity and to abide by CME Group Inc.'s Fee Policy Bulletins located on CME Group Inc.'s website at <http://www.cmegroup.com/tools-information/fee-policy-bulletins.html> regarding Member Firm Trading Policies. I further represent that all current and future member firm trading activity of my organization will conform to the requirements for such trading activity established by CME Group Inc.

I understand that any person or firm that obtains a CBOT membership by fraudulent representations or concealment, or by any material misstatement, shall be subject to suspension or expulsion pursuant to CBOT Rules, as applicable.



I attest that the information provided in this Application and the Application for Clearing Membership – Corporate Information is accurate and complete. I further acknowledge that confirming inaccurate and/or incomplete information may subject me to CBOT disciplinary action and/or penalties.

Officer, Managing Member of an LLC or Partner authorized to make the representations, authorizations, and acknowledgements contained in the Application for Clearing Membership and to sign such Application, on behalf of the organization.

Signed and accepted by a duly authorized representative of \_\_\_\_\_.  
(Applicant)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
(Date)

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**Member Firm Trading Attestation**

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(CBOT Clearing Member)

The trades of a CBOT clearing member (“clearing member”) may receive preferential fee rates – less than charged to non-member customers. Only the entity holding the CBOT clearing membership is entitled to the preferential fees on its member firm trades. The reduced fee benefit does not flow downward to 100% owned subsidiaries or to affiliates of the clearing member without the required additional memberships.

In order for clearing members to receive preferential fees on CBOT trades, all member firm trading must be conducted in accordance with CME Group Inc.’s Fee Policy Bulletins on CME Group Inc.’s website at <http://www.cmegroup.com/tools-information/fee-policy-bulletins.html> for Member Firm Trading Policies.

**Requirements (Absolutes)**

A member firm trading account is evidenced through:

- The financial benefit and risk shall be solely of the member firm – only firm capital is at risk of loss.
- No non-owner traders may make any contributions or payments to the member firm or member firm trading account nor have any capital at risk in connection with their trading of the member firm account.
- All contributions by owners of the member firm are subject to risk of loss from any and all trading and business activities of the firm.
- All profits and losses of the member firm account are written off to the income of the member firm and are taxed to the member firm in accordance with IRS regulations.
- All trading must be done in member firm trading accounts held in the name of the member firm.

Further, clearing member trading activity must be conducted by traders including operators/administrators of Automated Trading Systems (“ATS”) that are:

- Bona-fide W-2 employees (or equivalent W-2 of a foreign jurisdiction) of the clearing member; or
- Independent contractors and other self-employed individuals who maintain at least \$250,000 in holdbacks whose total compensation (that is, all compensation) is reported on a IRS Form 1099-MISC (“1099-MISC”) (or equivalent document of a foreign jurisdiction) and/or on an IRS Form 1099-B (“1099-B”) of the clearing member; or
- Owners who maintain at least \$250,000 in bona-fide capital and holdbacks; or
- Individual equity members of CBOT trading within their division of membership; or
- Rule 106.F. Clearing Member Transfer members; or
- Registered Commodity Trading Advisors (“CTAs”), exempt CTAs under CFTC Regulations 4.14(a)(4), 4.14(a)(8)(i)(D) or 4.14(a)(10), and Investment Managers authorized by the Financial Conduct Authority (“FCA”).

All clearing member traders must be assigned unique trader IDs, those IDs and the associated clearing member trader must be appropriately registered in CME Group Inc.’s Exchange Fee System and all GLOBEX trades (orders) must be identified with the registered ID of the trader executing the trade.

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In addition, member firm trading must meet the following requirements:

- Traders cannot be responsible for losses beyond their share of profits earned and maintained in the account which have not yet been distributed to the trader.
- The firm must be allocated both a portion of the profits and losses of the member firm account.
- The profit split on agreements with any trader, including owners acting as traders, may not exceed 80/20 (i.e. 80% to the trader/20% to the firm).
  - For member firm trading conducted by a team of traders, the profit split to the team in total may not exceed 80/20 (i.e. 80% to the trader team/20% to the firm).
  - Further the 80% limit on profit splits to a trader or team of traders includes any individual who has a specific interest in its profitability including those involved in the training/supervision of the account(s) and/or trader(s).
- Non-owner traders cannot leave their share of profits in the firm for greater than 24 months without becoming an equity owner.
  - Non-owner trader's share of capital in an account may not exceed the trader's share of net profit/loss in the previous 24 month period.
  - If a trader leaves their share of any profits in the account for greater than 24 months, they must become an equity owner.
- The firm is prohibited from:
  - Setting minimum account balances for its traders.
  - Charging margin on positions to traders.
  - Charging fees on draws taken by traders.
  - Requiring or accepting security deposits from its traders.

**Best Practices**

CME Group Inc. recognizes that certain business practices may be utilized when conducting customer business as well as member firm trading activities. The Best Practices were established to allow member firms to utilize certain business practices (most not allowed in the past) which are generally prohibited. In order to do so, the member firm must clearly demonstrate to CME Group Inc. their application of these non-compliant practices is not inconsistent with CME Group Inc.'s goal of providing member fees only for member firm trading activity. Such practices will be reviewed individually and in the aggregate in relation to the firm's entire trading activities and operation.

Review of such non-compliant practices will reflect the following key principles of CME Group Inc.'s member firm trading policies. First and foremost, the trading activity eligible for member fees must be conducted for the account and sole benefit of the member firm itself. The trading activity of individual customers/traders conducted in the name of the firm is not eligible for discounted member firm fees in order to prevent arcade type trading under the guise of member firm trading and to prevent the "selling" of member firm rates. Further, a member firm may only profit/benefit from the member firm trading activity through the performance of the trade and not from any other source such as a commission or charge for trade execution.

Non-compliance with the Best Practices below is generally prohibited as it is indicative of arcade type trading, the selling of rates, and/or profiting from sources other than the performance of the member firm trade. As such, while the Best Practices are not absolutes as the Requirements are, any non-compliance of the Best Practices will be carefully reviewed with the burden of responsibility on the clearing member to clearly support and demonstrate to CME

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Group Inc.'s satisfaction that the trading is of the clearing member itself. Under limited circumstances in reviewing the totality of the clearing member's trading operations and the violative practice(s), CME Group Inc. may deem the clearing member's trading activities in accordance with CME Group Inc.'s policies for clearing member trading activity that is eligible for equity member fees. **Please check the box next to each practice which you do not comply with regarding your member firm trading:**

- ☐ The firm may not charge interest on debit balances to traders nor may it pay interest on credit balances to traders except where an options trading strategy is utilized in which interest on the premium is a key component of the overall profitability of the strategy.
- ☐ The firm may not pay interest on holdbacks where holdbacks are permitted.
- ☐ The firm may not pay interest on capital contributions.
- ☐ The firm may not allocate expenses to trades or traders in excess of actual direct and indirect expenses of the individual member firm trades or traders. Only actual expenses incurred may be allocated – a mark up on expenses is not permitted. Further, opportunity costs may not be allocated. Clearing members must maintain and provide adequate supporting calculations and documentation of such allocated expenses and their reasonableness.
- ☐ A firm may not charge a fee for capital usage to individual traders of the member firm's accounts.
- ☐ A firm may not charge a fee for the cost of capitalizing the firm (and thus the member firm's trading accounts) to individual traders.
- ☐ Individual owners and investing LLCs (as permitted) of a clearing member may not have a specific interest in the profitability of a clearing member account or group of accounts other than a clearing member account that the individual owners or owners of the investing LLC trade or provide direct supervision/training to.

I represent that all current and future member firm trading activity of clearing member receiving equity member clearing fee rates will conform to the requirements for such trading activity established by CME Group Inc.

I attest that the above information is true and correct. I further acknowledge that confirming incorrect information may subject me to CME Group Inc. disciplinary action and/or penalties.

Signed and accepted by a corporate officer and a duly authorized human resource or legal representative of my organization.

Corporate Officer\*

HR or Legal Representative

Signature: \_\_\_\_\_

\_\_\_\_\_

Printed Name: \_\_\_\_\_

\_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

\* Acceptable Signor: CFO, CEO, COO, or equivalent officer.



**MEMBER FIRM**  
**DESIGNATED SPOKESPERSON AND AUTHORIZED SIGNOR ACKNOWLEDGEMENT**

CME Group Inc. requires that member firms designate a representative who shall be authorized to deal with the Exchanges with respect to the membership owned or leased by the firm and who shall be authorized to represent the member firm before the Exchanges. Such authorized representative shall be responsible to the Exchanges as if such person was a member as defined by Rule 400.

Member Firm Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Country \_\_\_\_\_ Zip Code \_\_\_\_\_

Phone Number \_\_\_\_\_ Tax I.D. # \_\_\_\_\_

Email Address\* \_\_\_\_\_

**Name and Signature of Officers Authorized to act on behalf of the firm:**

Name (please print)	Signature	Designated Spokesperson	Authorized Signor
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\*General Correspondence will be sent electronically.