

## MARKET REGULATION ADVISORY NOTICE

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Exchange	CME, CBOT, NYMEX & COMEX
Subject	Member Supervisory Responsibilities for Employees - REMINDER
Rule References	Rules 501, 432.W. and 433
Advisory Date	February 9, 2012
Advisory Number	CME Group RA1203-5

Pursuant to Rule 501 (“Employees of Members”), CME, CBOT, NYMEX and COMEX Members are reminded that they are responsible for ensuring that their trading floor employees comply with all exchange rules. A Member may register only a bona fide employee under Rule 501, and the Member is responsible for the supervision of that employee irrespective of whether the employee also works for other Members in addition to the registering Member. Members should be aware that they may, subject to a determination by an exchange disciplinary committee, be liable for any fines imposed upon their employees by the exchange.

Members must notify the Membership Department when such employment relationships have been terminated. Additionally, a Member who no longer accesses the trading floor must ensure that access to the trading floor by the Member’s employees is terminated by notifying the Membership Department.

Members are also reminded that they have an affirmative obligation to diligently supervise all their employees, including those employees who do not have floor access, and that failure to do so constitutes a violation of Rule 432.W. (“General Offenses”). Additionally, pursuant to Rule 433 (“Strict Liability for the Acts of Agents”), Members are strictly liable for the acts, omissions, or failures of any officials, agents or employees acting for the Member within the scope of their employment or office.

The pertinent text of Rules 501, 432.W. and 433 are set forth below. **Members are strongly encouraged to ensure that they have and effectively execute appropriate supervisory procedures.**

### **Rule 501. EMPLOYEES OF MEMBERS**

Members shall be responsible for ensuring that their employees comply with all Exchange rules and may, subject to a determination by an Exchange disciplinary committee, be liable for any fines imposed upon such employees by the Exchange.

### **Rule 432. GENERAL OFFENSES**

It shall be an offense:

W. for a Member to fail to diligently supervise its employees and agents in the conduct of their business relating to the Exchange;

**Rule 433. STRICT LIABILITY FOR THE ACTS OF AGENTS**

Pursuant to Section 2(a)(1)(B) of the Commodity Exchange Act, and notwithstanding Rule 432.W., the act, omission, or failure of any official, agent, or other person acting for any Member within the scope of his employment or office shall be deemed the act, omission or failure of the Member, as well as of the official, agent or other person who committed the act.

Questions regarding this advisory may be directed to one of the following individuals in Market Regulation:

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