



## Special Executive Report

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S-5405

September 22, 2010

### Revisions to Rule 505 (“Booth and Floor Privileges”)

Effective immediately, CME, CBOT, NYMEX and COMEX have adopted amendments to Rule 505 (“Booth and Floor Privileges”) to clarify that industry registrants that are not members or member firms of the exchange may not operate from booth space on the trading floor unless the registrants are wholly owned by members or member firms. Use of booth space on the trading floor is a privilege and is assigned for the purpose of allowing members and members firms to service their business; it is not intended to allow the facilitation of business by nonmember industry registrants. The amended rule prohibits nonmember industry registrants from soliciting and facilitating the execution of orders on behalf of the firm or its customers from booth space on the trading floor.

CME and CBOT have additionally adopted amendments to the rule clarifying that booth space on the CME and CBOT trading floors may be assigned only to clearing member firms. Clearing member firms are authorized to allow assigned booth space to be used by their employees, members they qualify and member firms with which they have a clearing relationship with respect to exchange products.

The amendments appear below, with additions underscored and deletions overstruck.

If you have any questions concerning these amendments, please contact Robert Sniegowski, Associate Director, Market Regulation, at 312.341.5991 or Erin Schwartz, Senior Rules and Regulatory Outreach Specialist, Market Regulation, at 312.341.3083.

#### **CME and CBOT Rule 505. BOOTH AND FLOOR PRIVILEGES**

Booth space on the trading floor may be assigned only to ~~members and clearing~~ member firms. Available booth space will be assigned by Exchange staff in accordance with the policies established by the Exchange and the decisions of Exchange staff regarding the assignment of booth space shall be final. Clearing member firms may allocate assigned booth space to 1) members qualified by the clearing member firm or 2) member firms with which it has a clearing relationship with respect to exchange products.

Orders may be accepted at or relayed from the booth space assigned to a clearing member ~~or member firm~~ or allocated to a member or member firm by the clearing member firm only by ~~the member,~~ employees of the member, ~~or member firm~~ or clearing member firm and members qualified by the clearing member firm.

Notwithstanding any other rule, any member who is associated as a partner, shareholder, member, officer, manager, employee, or consultant with any entity or natural person that is or should be registered as an Introducing Broker (“IB”), Futures Commission Merchant (“FCM”), Commodity Trading Advisor (“CTA”) or Commodity Pool Operator (“CPO”) as those terms are defined in Section 1a of the Commodity Exchange Act and/or 17 C.F.R. 1.3, may not solicit orders of others from the floor of the Exchange unless the entity or natural person for which or for whom the member is soliciting orders is also a member firm or member of the Exchange. Additionally, IBs, FCMs, CTAs and

CPOs may not operate from booth spaces on the trading floor unless they are member firms or wholly owned by members or member firms.

#### **NYMEX and COMEX Rule 505. BOOTH AND FLOOR PRIVILEGES**

Booth space on the trading floor may be assigned only to members and member firms. Available booth space will be assigned by Exchange staff in accordance with the policies established by the Exchange and the decisions of Exchange staff regarding the assignment of booth space shall be final.

Orders may be accepted at or relayed from the booth space assigned to a member or member firm only by the member, employees of the member or member firm and members qualified by the member firm.

Notwithstanding any other rule, any member who is associated as a partner, shareholder, member, officer, manager, employee, or consultant with any entity or natural person that is or should be registered as an Introducing Broker ("IB"), Futures Commission Merchant ("FCM"), Commodity Trading Advisor ("CTA") or Commodity Pool Operator ("CPO") as those terms are defined in Section 1a of the Commodity Exchange Act and/or 17 C.F.R. 1.3, may not solicit orders of others from the floor of the Exchange unless the entity or natural person for which or for whom the member is soliciting orders is also a member firm or member of the Exchange. Additionally, IBs, FCMs, CTAs and CPOs may not operate from booth spaces on the trading floor unless they are member firms or wholly owned by members or member firms.

For media inquiries concerning this Special Executive Report, please contact CME Group Corporate Communications at 312.930.3434 or [news@cmegroup.com](mailto:news@cmegroup.com).