

## MARKET REGULATION ADVISORY NOTICE

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<b>Exchange</b>	<b>CME, CBOT, NYMEX &amp; COMEX</b>
<b>Subject</b>	<b>Manual/Automated Trading Indicator (FIX Tag 1028)</b>
<b>Rule References</b>	<b>Rule 536.B.</b>
<b>Advisory Date</b>	<b>September 20, 2012</b>
<b>Advisory Number</b>	<b>CME Group RA1210-5</b>
<b>Effective Date</b>	<b>October 8, 2012</b>

Since June 5, 2011, CME Group exchanges have required that every order entered into CME Globex identify whether the order was entered by manual or automated means in FIX Tag 1028 (“Tag 1028”) on the order entry message. Pending all relevant regulatory review periods, effective on October 8, 2012, the Tag 1028 requirement will be codified in each Exchange’s Rule 536.B. (“Recordkeeping Requirements for Pit, Globex, and Electronic Trades – Globex Order Entry”). Rule 536.B. sets forth various requirements pertaining to the entry of orders into CME Globex and the maintenance of electronic audit trails by clearing member firms and corporate equity member firms.

The amended rule is shown below and is followed by a Frequently Asked Questions (“FAQ”) section that provides additional information and guidance on the requirements concerning Tag 1028. Inaccurate submission of the correct Tag 1028 indicator, or other required audit trail fields, may result in disciplinary action, including summary action under Rule 512 (“Reporting Infractions”).

### **536.B. Globex Order Entry**

#### **1. General Requirement**

Each Globex terminal operator entering orders into Globex shall accurately input for each [Application Message](#) all fields required to be populated by the CME iLink® Message Specifications set forth in the [CME Group Client Systems Wiki](#) in effect at the time, including, but not limited to the: operator’s user ID (Tag 50 ID); price; quantity; product; expiration month; CTI code; automated or manual indicator (Tag 1028); and account number (except as provided in Section C), and, for options, put or call and strike price. The Globex terminal operator’s user ID must be present on each Application Message, including order messages, submitted to Globex. For a Globex terminal operator with access pursuant to Rule 574, the clearing member that guarantees such access to Globex will be responsible for the Globex terminal operator’s compliance with this rule with respect to the following fields: operator’s user ID, CTI code, automated or manual indicator and account number. Notwithstanding, and in accordance with Rule 574, a clearing member must take appropriate action if it has actual or constructive knowledge that a non-member operator has failed to accurately input for each Application Message fields required to be populated by this rule.

With respect to orders received by a Globex terminal operator which are capable of being immediately entered into Globex, no record other than that set forth above need be made. However, if a Globex terminal operator receives an order which cannot be immediately entered into Globex, the Globex terminal operator must prepare a written order and include the account designation, date, time of receipt and other information

required pursuant to section A.1. above. The order must be entered into Globex when it becomes executable.

## 2. Electronic Audit Trail Requirements for Electronic Order Routing/Front-End Systems

Entities certified by the Exchange to connect an order routing/front-end system to the Globex platform through the CME iLink® gateway are responsible for creating an audit trail of each message entered into Globex. Clearing members guaranteeing a connection to Globex are responsible for maintaining or causing to be maintained the electronic audit trail for such systems. This electronic audit trail must be maintained for a minimum of 5 years, and clearing members must have the ability to produce this data in a standard format upon request of Market Regulation.

Each such electronic audit trail must be complete and accurate and account for every electronic communication such system receives or generates, including any electronic communication such system receives from Globex.

This electronic audit trail must contain all order receipt, order entry, order modification, and response receipt times to the highest level of precision achievable by the operating system, but at least to the millisecond. The times captured must not be able to be modified by the person entering the order. The data must also contain all Fix Tag information and fields which should include, but is not limited to the following:

a record of all fields relating to order entry, including transaction date, product, Exchange code, expiration month, quantity, order type, order qualifier, price, buy/sell indicator, stop/trigger price, order number, unique transaction number, account number, session ID, Tag 50 ID, automated or manual indicator (Tag 1028), self-match prevention ID (Tag 7928) where applicable, host order number, trader order number, clearing member, type of action, action status code, customer type indicator, origin, and timestamps. For executed orders the audit trail must record the execution time of the trade along with all fill information.

In the case where the guaranteeing Clearing Firm has a direct connect client that is another Clearing Firm or an Equity Member Firm, the Clearing Firm may notify the client Clearing Firm or Equity Member Firm that it is their obligation to maintain the electronic audit trail. Upon execution of this written notice, it shall be the duty of the client Clearing Firm or Equity Member Firm to maintain an electronic audit trail pursuant to this rule. Nothing herein relieves any of the above-referenced firms from compliance with the applicable recordkeeping provisions of CFTC Regulations, including Regulation 1.31 or 1.35.

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### **FAQ Related to FIX Tag 1028 (Automated or Manual Indicator)**

#### **1. What is Tag 1028?**

Tag 1028 is a data field that is required on all order submissions to CME Globex to indicate whether a particular order is being submitted by manual or automated means. This has been a required data element on CME iLink interface order submissions since June 2011 and is now being added as a regulatory requirement.

#### **2. What specific values must be submitted in Tag 1028?**

Manual orders must be submitted with the value "Y" and automated orders must be submitted with the value "N." No other values may be submitted in Tag 1028.

#### **3. What is the definition of automated order entry?**

Automated order entry refers to orders that are generated and/or routed without human intervention. This includes any order generated by a computer system as well as orders that are routed using functionality that manages order submission through automated means (i.e. execution algorithm).

**4. What is the definition of manual order entry?**

Manual order entry refers to orders that are submitted to CME Globex by an individual directly entering the order into a front-end system, typically via keyboard, mouse or touch screen, and which is routed in its entirety to the match engine at the time of submission.

**5. May an Automated Trading System (“ATS”) team Tag 50 send in both manual and automated orders?**

No, ATS teams may send in only automated orders. All manually-entered orders must identify the Tag 50 of the specific person who entered the order.

**6. If an individual who is trading manually also uses automated spreading functionality that automates the entry of some orders, should the orders be designated as manual or automated?**

The manually entered orders must be properly identified with the value “Y” in Tag 1028. The orders generated by automated means, including via automated spreading functionality, must be properly identified with the value “N” in Tag 1028.

**7. If a person manually enters an order into his front-end system which employs functionality that manages the submission of the order(s) to the CME Globex match engine, should the order(s) be designated as manual or automated?**

The orders should be designated as automated with a value of “N” in Tag 1028 because the execution algorithm is generating the entry of the orders to the CME Globex match engine.

**8. Does the front-end audit trail of the system used to enter orders into CME Globex need to record the Tag 1028 values submitted for each order?**

Yes. The information in Tag 1028 is required to be captured and accurately recorded in the front-end audit trail.

**9. What is a clearing firm’s responsibility with regard to Tag 1028?**

Clearing firms are expected to ensure that they communicate this requirement to their customer authorized users, and to verify with the client that the tag is being correctly populated.

Questions regarding this Advisory Notice may be directed to the following individuals in Market Regulation:

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