



## **Alternate EULA Execution Process**

### **CME ClearPort Services Registration for Investment Advisors/Fund Managers and Managed Funds**

The purpose of this document is to describe for customers the CME Group's ClearPort Registration / EULA Execution alternate process available to investment advisors and fund managers. Details follow.

#### **Overview**

The Chicago Mercantile Exchange (CME) Exchange User License Agreement (EULA) is the form agreement that must be entered into between CME and each company that seeks to access CME ClearPort services for the submission of transactions for clearing at CME. The EULA applies to (and is required for) every trading firm (including those that are managed by an investment advisor/fund manager), broker and investment advisor/fund manager. Following a firm's agreement to the EULA (and provision of certain additional firm and trader information), CME will create a registration for the firm within ClearPort.

#### **ClearPort Registration / EULA Execution – Standard Process**

The standard process of registering accounts requires all applicants to provide:

- Legal Documentation: Execution of legal documentation including, without limitation, the EULA (and all relevant documents, schedules and appendices referenced therein); and
- Registration Documentation: Submission of necessary firm- and user-related information on the appropriate registration form.

Under our standard process, the above steps can be completed – by any authorized officer or employee of the registering firm – via our web-based click-through EULA and forms.

#### **ClearPort Registration / EULA Execution – Non-standard Process (for Investment Advisors/Fund Managers authorized to act on behalf of Managed Funds)**

In response to requests to ease the process of ClearPort registration for investment advisors/fund managers and the fund entities they manage, CME Group has developed an alternative registration process which offers the flexibility for an investment advisor/fund manager (Fund Manager) to complete the registration process for itself and its managed funds, provided it has the authority to do so. The requirements for the alternative process are set forth below; fundamentally, the Fund Manager must hold authority to act on behalf of the managed fund, typically through an Investment Management Agreement.

If a Fund Manager wishes to take advantage of this alternative registration process – thereby avoiding the standard process and its requirement that an officer or employee of each managed fund undertake a registration – please notify the CME ClearPort Facilitation Desk via email at [custcare@cmegroup.com](mailto:custcare@cmegroup.com).

## Alternative Process for Asset Managers/Managed Entities

### Step Asset Manager (or Clearing Member) Action

1. Asset Manager requests leeway from CME's Standard Registration.  
Asset Manager notifies CME of its request to on-board one or more specifically identified Managed Entity(ies).
2. CME confirms request and delivers this Alternative Process document to the Asset Manager.  
Asset Manager confirms proceeding under Alternative Process.  
Asset Manager provides CME with the full company names of a) the Asset Manager and b) each Managed Entity for which the Asset Manager wishes to execute the EULA/complete CME ClearPort registration.  
Asset Manager provides CME with the list of requested authorized Users for the Asset Manager.
3. CME delivers to the Asset Manager the standard form of Asset Manager EULA Adoption Letter and the CME ClearPort Services Registration forms.
4. Asset Manager delivers to CME the executed EULA Adoption Letter (without changes) and completed CME ClearPort Services Registration form.
5. CME countersigns and returns letter to Asset Manager.
6. CME ClearPort Market Operations (CMO) team registers the Asset Manager and Managed Entity(ies) within CME ClearPort.  
CME sends notice to Asset Manager, Clearing, P&S relationship manager(s) and Legal that the entities have been registered within CME ClearPort.
7. The Clearing Member uses the CME RAV Manager system to establish Account(s) owned by each Managed Entity.
8. If the Clearing Member creates any Account in RAV Manager with Interest Rate Swaps (IRS) as a permitted Asset Class, the CME relationship manager and Clearing House will check each Account to confirm a) IRS asset class and b) that the Clearing Member has indicated the Asset Manager as ClearPort "Asset Manager" for the Account.  
For each account that both are true, the Clearing House will create a corresponding account in Calypso and notify Asset Manager and Clearing Member when complete.

## Frequently Asked Questions

### ***If a Fund Manager requests leeway from the standard registration/EULA process, are the Managed Funds required to execute any agreement with CME Group?***

Under the alternative registration process, no person directly associated with the Managed Fund entity (i.e. an authorized officer or employee) will be required to click-through or otherwise execute the EULA with CME. While the Managed Fund entity will be required to execute the EULA, in practice this will be done by the Fund Manager on behalf of the fund, under the authority the fund has granted to it to act on its behalf.

### ***As a Fund Manager, how do I request leeway from the Standard EULA Process for my Managed Funds?***

The Manager notifies CME Group of its request to on-board one or more of specifically identified Managed Fund entities, including in that notification the Clearing Member firm (or firms) with which each of those Managed Funds has a clearing relationship.

Note that this alternative EULA execution process is subject to CME Group's confirmation with each clearing member that they recognize and accept the Investment Manager/Advisor firm as having discretionary authority with respect to the applicable accounts.

### ***What responsibilities do Clearing Members have in confirming the relationship between the Fund Manager and the Managed Fund?***

CME Group will seek written confirmation from each applicable Clearing Member Firm(s) as to its recognition of the Fund Manager's authority. This includes verification that the Applicable Clearing Member Firm(s):

- a) has, in fact, established a clearing relationship with each of the Managed Funds identified in the Fund Manager's request; and
- b) recognizes and accepts the Fund Manager's authority to exercise discretionary trading authority or control over each of the applicable Managed Fund's accounts (or, if as to only some of the Managed Fund's accounts, stating as to which of those accounts such authority is recognized by the clearing member firm) – i.e. that each such confirmed Managed Fund account is a “discretionary, controlled or managed account” as to which the applicable Fund Manager has authority; and

### ***Does CME Group provide any notification to the Applicable Clearing Member Firm(s)?***

CME Group's On-boarding Team will provide the clearing member firm with clarification that:

- a) CME Rulebook Rule 956.A. shall apply to each confirmed Managed Fund account; and
- b) it is and will remain the clearing member firm's ongoing responsibility to notify CME as to any change in status of the Fund Manager's authority as to each Managed Fund account.

### ***How does CME Group confirm the Fund Manager's ability to execute the EULA via the Alternative Process?***

CME Group requires that the Fund Manager represents its authority to enter into the EULA on behalf of Managed Fund(s) (and, in fact, enters into the EULA on its/their behalf). Subject to CME Group's receipt of the clearing member firm's confirmation, CME will offer the Fund Manager an opportunity to enter into the EULA on behalf of its Managed Funds, but only provided that the Fund Manager enters into a letter agreement with CME Group in which the Fund Manager represents to CME that it has the authority both to a) enter into the EULA, and b) engage in transactions, on behalf of each identified Managed Fund (the "Fund Manager Representation"). This will be done through a form letter agreement provided by CME Group.

By this letter agreement, the Fund Manager not only provides CME with the Fund Manager Representation, but also enters into the EULA (which will be attached to the letter) on behalf of each applicable Managed Fund.

### ***Does the Fund Manager need to wait for CME Group to complete the confirmation process with the Applicable Clearing Member Firm(s) before providing the Manager Representation?***

No, as a matter of timing, CME Group will deliver the letter agreement to the Fund Manager while the Clearing Member Firm confirmation is in progress, with the understanding that CME Group will only be able to complete the process upon receipt of the clearing member's confirmation.

### ***Are the Managed Funds notified during the registration process?***

Yes. To complete the on-boarding process for each Managed Fund, CME Group will send each Managed Fund a notice that informs it of the new relationship with CME Group as a principal party/market participant, with the Fund Manager having authority to act on its behalf in that regard, and providing a copy of the applicable EULA to which the Managed Fund is now a party.

While CME Group does not require any acknowledgement from or signature by the Managed Fund, we will require that contact information for a responsible party at each Managed Fund be provided for the delivery of these notices.

### ***Are there any circumstances in which CME Group will not be able to allow a Fund Manager to avail itself of the alternative process?***

To the extent that either a) the Clearing Member Firm does not provide the requested confirmation, or b) the Fund Manager refuses either (i) to provide the Fund Manager Representation, or (ii) to enable CME Group to make the direct notification to each Managed Fund, CME Group will inform the Fund Manager that the leeway sought cannot be provided.

### ***If leeway cannot be provided, how are the Managed Funds registered?***

Each of the Fund Manager's Managed Funds will be required to enter into the standard form EULA with CME Group directly via click-through or hard copy execution, in either case by a person with direct authority for the applicable Managed Fund (i.e. an authorized officer or employee).