



**CME 106.R. Electronic Corporate Membership
Questions & Answers
February 2020**

1. What is a CME Rule 106.R. Electronic Corporate Member?

CME Rule 106.R. Electronic Corporate Membership (“ECM”) is a class of membership under CME Rule 106.R. that allows proprietary trading firms to receive discounted fees for their electronic proprietary trades that are made by qualified registered traders in accordance with CME Group policies. ECMs are not eligible for discounted fees on their open outcry trades, nor are they allowed to access CME’s trading floors.

Membership Requirements

2. What are the membership holding requirements for ECMs?

ECMs are required to purchase one membership or lease two memberships (*GEM memberships do not qualify for this program*) in the division in which they wish to receive discounted rates.

Firm eligibility

3. What types of firms are eligible for ECM? What types of firms are not eligible?

Eligible Firms: Proprietary trading groups are eligible for ECM. They will receive discounted fees for all electronic trading in the accounts of the proprietary trading firm conducted in accordance with CME Group policies.

Please note CME Group may be unable to accept participants located in certain countries. Please contact the CME Group Membership Concierge Team at conciergeteam@cmegroup.com for further information regarding any location restrictions.

Ineligible Firms: Hedge Funds, Commodity Pools, Banks, FCMs, Foreign Brokers, Broker/Dealers, Commodity Trading Advisors, Introducing Brokers and other firms that hold and/or manage third party funds are not eligible for ECM. Please note that firms that are wholly or partially owned by or affiliated with any of these firm types will also be ineligible for ECM.

4. What firms qualify as Proprietary Trading Firms?

A proprietary trading firm is a legal entity that trades its own capital. Trading funds must be exclusively firm funds and all trading must be done in the firm’s accounts. Traders must be owners, employees, or contractors of the firm.

5. What guidelines are used to determine if trading is proprietary?

A proprietary account is evidenced through:

- All profits and losses of the account are included in the income of the firm.
- All profits and losses of the account are taxed to the firm.
- The trader (non-owner) does not make any capital contribution to the account.
- Only the firm’s capital is at risk of loss; no traders may make any contributions or payments to the firm nor have any capital at risk.

- All trading activity must be solely for the benefit of the ECM. No other individuals or entities can have any ownership interest in the ECM’s proprietary accounts.
- All funds contributed to and traded under the ECM are subject to loss from any and all trading activity of the ECM.

Please refer to [Fee Policy Bulletin #09-01](#) dated June 16, 2009, for complete details of fee policies concerning Member Firm Accounts.

6. Can existing CME Rule 106.H. Trading Member Firms convert to ECM?

Yes. The firm must hold the required memberships, retaining at least the membership division of the CME Rule 106.H. Member and meet all other requirements for ECM.

7. Can existing CME Clearing Members or CME Rule 106.J. Equity Member firms convert to ECM?

Yes. The firm must hold the required memberships. Upon conversion the firm will be subject to all of the ECM policies.

Who can trade?

8. Are there any restrictions on who may trade an ECM's trading accounts?

Yes. To receive discounted transaction fees, trades must be made by registered traders. In general, trades made by any owner of, employee of, or contractor to the trading firm may receive discounted fees

Please refer to [Fee Policy Bulletin #09-01](#) dated June 16, 2009, for complete details of fee policies concerning Member Firm Accounts.

9. Is there a W-2 requirement for traders trading a proprietary trading firm's ECM accounts?

No. However, the terms of any contractual agreement between the trading firm and its traders must support the classification of the trading activity as proprietary for purposes of this program.

Please refer to [Fee Policy Bulletin #09-01](#) dated June 16, 2009 for complete details of fee policies concerning Member Firm Accounts.

Application/Approval Process

10. How do firms apply for ECM?

Firms wishing to apply for ECM should contact the CME Group Membership Concierge Team at conciergeteam@cmegroup.com or (312) 435-3555. The application form can be found on [CME Group's website](#). Applicant firms should also contact their clearing firms as their support will be helpful during the application and review process.

11. How long is the approval process?

Once it has been confirmed in writing by the CME Group Membership Concierge Team that the application and all supporting documents are received, the due diligence review process starts and generally takes 6-8 weeks; however, review times may vary significantly based on many factors including, but not limited to: complex regulatory requirements, completeness of applications and supporting documentation, complex firm and organizational structures, applicant response times, and number of applications under review. CME staff will consider the applicant's business

reputation, financial resources and proprietary trading activity as well as any applicable regulatory restrictions in approving the applicant and reserves the right to reject any applicant. The decision of CME staff is final.

12. If my firm is approved as an ECM does it still need a CME clearing member firm?

Yes. All trades at CME are done through CME clearing member firms. All ECMs must maintain their own separate account on the books of a CME clearing member firm for their proprietary trades. ECM accounts may not be maintained in a non-disclosed omnibus account.

13. How will my clearing member firm be notified that my firm has been approved as an ECM?

CME Group will do its best to notify the appropriate staff at any clearing firm(s) included in a firm's application, however, the responsibility to inform clearing firm(s) remains with the ECM firm. Because the ECM discounted rates are applicable at any clearing firm utilized by an ECM firm, clearing firms must be notified so accounts and trader IDs can be properly registered within the Exchange Fee System (EFS). CME Group may not be aware of all clearing relationships of an ECM firm. As such, ECM firms must notify all applicable clearing firms upon receipt of final approval notification.

14. What is the CME fee schedule for ECMs?

Refer to <http://www.cmegroup.com/company/clearing-fees.html> for the most recent version of the fee schedule. Summary of fees is listed below as a reference only.

The following fee schedule applies to ECM entities **within the division of the memberships held:**

Product Category	All-In Electronic Fee (Globex + Clearing Fees) [per side]	Open Outcry (Clearing Fees) [per side]
E-Mini Equity Index Futures	\$0.51	N/A
E-Mini Equity Index Options	\$0.45	N/A
Full Size Equity Index Futures	\$1.08	\$0.90
Full Size Equity Index Options	\$1.00	\$0.81
Interest Rate Futures – Front Month	\$0.49	\$0.70
Interest Rate Futures – Back Months	\$0.44	\$0.70
Interest Rate Options	\$0.49	\$0.70
Foreign Exchange Products	\$0.44	\$0.60
Agricultural Products	\$0.81	\$0.69

15. Are there any volume discounts for ECMs?

Yes. On a tiered basis, an ECM's Clearing Fee for Eurodollar Futures traded electronically is reduced for trading volumes in excess of 15,000 contracts per month. Refer to the Clearing Fee Discount chart below for details:

Eligible Participants	Clearing Fee Discount		
	First 15,000 Sides	15,001 to 50,000 Sides	50,001 + Sides
CME Rule 106.R Electronic Corporate Member (ECM) Rule 106.H Firms	No Discount	\$0.10 (per side)	\$0.20 (per side)

NOTE: Volume is aggregated per product, per Operator ID within a single Bill Firm, per qualified participant. Trades marked for give-up and give-up transactions are excluded from this program, unless they are trades that have been marked for give-up as a result of positions being transferred to SGX via the mutual offset process.

Other Information

16. How does a firm register its traders to receive discounted fees?

The trading account must be registered to the respective ECM entity within EFS in order to receive the all-in reduced rates, including any volume discounts. If account registration does not occur, non-member rates will apply.

NOTE: Identification and registration of Globex Operator IDs (Tag 50 IDs) and ensuring that such Tag 50 IDs are properly registered and updated within EFS remains the responsibility of the clearing member.

17. Is an ECM subject to fees charged per contract by the National Futures Association (NFA)?

CME Group charges fees pursuant to the fee schedules at <https://www.cmegroup.com/company/clearing-fees.html>. CME Group does not assess member firms NFA fees. For information regarding NFA fees, please contact the NFA at (312) 781-1300.

18. Who can I contact if I have additional questions?

If you have any fee questions, please contact the Fee Hotline, (312) 648-5470. If you have specific questions regarding owning or leasing memberships, please contact the Membership Department at (312) 435-3480. For general questions and for information on how to apply for ECM, please contact the CME Group Membership Concierge Team at conciergeteam@cmegroup.com or (312) 435-3555.

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