



## Special Executive Report

---

S-7845

February 3, 2017

### Amendments to CME/CBOT/NYMEX/COMEX/CME SEF Rule 574 (Globex Access Restrictions)

Effective Thursday, February 16, 2017, and pending all relevant CFTC regulatory review periods, Chicago Mercantile Exchange Inc. ("CME"), The Board of Trade of the City of Chicago, Inc. ("CBOT"), New York Mercantile Exchange, Inc. ("NYMEX") and Commodity Exchange, Inc. ("COMEX") (collectively, the "Exchanges") and the Swap Execution Facility Division of Chicago Mercantile Exchange Inc. ("CME SEF") will adopt amendments to Rule 574 ("Globex Access Restrictions") in the Exchanges' and CME SEF's Rulebooks.

The first sentence of Rule 574 is being amended to eliminate a clause concerning direct connections of non-clearing members or customers to CME Globex. The clause is unnecessary as all connections to CME Globex must be guaranteed by an Exchange clearing member firm, and such firm assumes financial responsibility for all activity through the connection. The remaining amendments eliminate obsolete references to non-member customers, replacing it with the term "Person," which is a defined term in the Definitions Section of the Exchanges' and CME SEF's Rulebooks.

The amendments to Rule 574 appear below, with additions underscored and deletions overstruck.

#### **CME/CBOT Chapter 5 Trading Qualifications and Practices**

#### **574. GLOBEX ACCESS RESTRICTIONS**

All connections to the Globex system, ~~including direct connections of non-clearing members or customers,~~ must be guaranteed by a clearing member that assumes financial responsibility for all activity through the connection. With respect to transactions given up to other clearing members, such guarantee is effective only until such time that the other clearing member accepts the trade.

All individuals entering non-member customer orders in other than a clerical capacity must have appropriate CFTC registration. Non-member customer orders may be entered only from designated areas on the floor of the Exchange or from the premises of an entity registered to conduct customer business.

Clearing members shall assist the Exchange in any investigation into potential violations of the rules or the Act which occur through or with respect to a Globex connection guaranteed by the clearing member. Such assistance must be timely and may include, but not be limited to, requiring any ~~non-member customer~~ Person to produce documents, to answer questions from the Exchange, and/or to appear in connection with an investigation.

Clearing members shall suspend or terminate a ~~Person's non-member customer's~~ Person Globex access if the Exchange determines that the actions of the ~~Person non-member customer~~ threaten the integrity or liquidity of any contract or violate any Exchange rule or the Act, or if the ~~Person non-member customer~~ fails to cooperate in an investigation.

If a clearing member has actual or constructive notice of a violation of Exchange rules in connection with the use of Globex by a non-member for which it has authorized a direct connection and the clearing member fails to take appropriate action, the clearing member may be found to have committed an act detrimental to the interest or welfare of the Exchange.

**NYMEX/COMEX**  
**Chapter 5**  
**Trading Qualifications and Practices**

**574. GLOBEX ACCESS RESTRICTIONS**

All connections to the Globex system, ~~including direct connections of non-clearing members or customers,~~ must be guaranteed by a clearing member that assumes financial responsibility for all activity through the connection. With respect to transactions given up to other clearing members, such guarantee is effective only until such time that the other clearing member accepts the trade.

All individuals entering non-member customer orders in other than a clerical capacity must have appropriate CFTC registration. Non-member customer orders may be entered only from the Trading Annex or from the premises of an entity registered to conduct customer business.

Clearing members shall assist the Exchange in any investigation into potential violations of the rules or the Act which occur through or with respect to a Globex connection guaranteed by the clearing member. Such assistance must be timely and may include, but not be limited to, requiring any ~~non-member customer~~ Person to produce documents, to answer questions from the Exchange, and/or to appear in connection with an investigation.

Clearing members shall suspend or terminate a ~~Person's non-member customer's~~ Globex access if the Exchange determines that the actions of the ~~Person non-member customer~~ threaten the integrity or liquidity of any contract or violate any Exchange rule or the Act, or if the ~~Person non-member customer~~ fails to cooperate in an investigation.

If a clearing member has actual or constructive notice of a violation of Exchange rules in connection with the use of Globex by a non-member for which it has authorized a direct connection and the clearing member fails to take appropriate action, the clearing member may be found to have committed an act detrimental to the interest or welfare of the Exchange.

**CME SEF**  
**Chapter 5**  
**Qualifications for Execution and Trading Practices**

**574. GLOBEX ACCESS RESTRICTIONS**

All connections to the Globex or CME Direct system, ~~including direct connections of non-clearing members or customers,~~ must be guaranteed by a clearing member that assumes financial responsibility for all activity through the connection. With respect to transactions given up to other clearing members, such guarantee is effective only until such time that the other clearing member accepts the trade.

Clearing members shall assist CME SEF in any investigation into potential violations of the rules or the Act which occur through or with respect to a Globex or CME Direct connection guaranteed by the clearing member. Such assistance must be timely and may include, but not be limited to, requiring any ~~non-member customer~~ Person to produce documents, to answer questions from CME SEF, and/or to appear in connection with an investigation.

Clearing members shall suspend or terminate a ~~non-member customer's~~ Person's Globex or CME Direct access if CME SEF determines that the actions of the ~~non-member customer~~ Person threaten the integrity or liquidity of any contract or violate any CME SEF rule or the Act, or if the ~~non-member customer~~ Person fails to cooperate in an investigation.

If a clearing member has actual or constructive notice of a violation of CME SEF rules in connection with the use of Globex or CME Direct by a non-member for which it has authorized a direct connection and the clearing member fails to take appropriate action, the clearing member may be found to have committed an act detrimental to the interest or welfare of CME SEF.

If you have any questions regarding the amendments, please contact one of the following individuals in Market Regulation:

Erin Middleton, Senior Rules & Regulatory Outreach Specialist, 312.341.3286

Daniel Stephens, Senior Rules & Regulatory Outreach Specialist, +44 20 3379 3304

Shawn Tan, Senior Rules & Regulatory Outreach Specialist, +65 6593 5580

Robert Sniegowski, Executive Director, Rules & Regulatory Outreach, 312.341.5991

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).