



## Special Executive Report

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**DATE:** October 23, 2020  
**SER#:** 8665  
**SUBJECT:** Amendments to CBOT Rule 900. ("Categories of Clearing Members")

Effective November 2, 2020 and pending all relevant Commodity Futures Trading Commission ("CFTC") regulatory review periods, The Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange") will amend Rule 900. ("Categories of Clearing Members") to remove sole proprietors as an eligible category of CBOT clearing member (collectively, the "Rule Amendments").

CBOT permitted sole proprietorships as an eligible category of clearing member prior to its 2007 merger with Chicago Mercantile Exchange Inc. ("CME"), which did not accept sole proprietor clearing members. Upon the merger, sole proprietors were grandfathered as an eligible CBOT clearing member type. Since that time no new sole proprietors have been added as CBOT clearing members, and the last remaining sole proprietor CBOT clearing member recently withdrew its clearing membership. To better align CBOT categories of eligible clearing members with those of the other CME Group DCMs, and consistent with the evolution of clearing membership practices at CME and other central counterparties ("CCPs"), the Rule Amendments will remove sole proprietors from the list of eligible CBOT Clearing Member types in CBOT Rule 900.

The Rule Amendments are provided in Exhibit 1 below in blackline format.

Inquiries regarding the aforementioned may be directed to the Financial Surveillance Department at 312.930.3230.

### **EXHIBIT 1 CBOT Rulebook**

#### **Chapter 9 Clearing Members**

(additions underlined; deletions ~~overstruck~~)

### **900. CATEGORIES OF CLEARING MEMBERS**

The Exchange may establish different clearing member categories, including but not limited to OTC Clearing Member categories, and alter the rights and responsibilities of such categories.

The term "clearing member" as used in the Rules, shall include all clearing member categories established by the Exchange, including Clearing FCMs, grandfathered Clearing Closely Held Corporate Members<sup>1</sup>, Clearing Corporate Members and, Financial Instrument Clearing Members ~~and Sole Proprietor Clearing Members~~, unless otherwise specified. Clearing members that qualified as Clearing Closely Held Corporate Members prior to June 30, 2010 are grandfathered as Clearing Closely Held Corporate Members.

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<sup>1</sup> Clearing Closely Held Corporate Members must be wholly owned by members or by members and employees of the firm.

CBOT Clearing Members shall have all applicable rights, responsibilities and privileges attendant thereto, subject to the provisions of these rules and shall be qualified to clear transactions for all CBOT products and all Expanded-Access Products listed for trading by CME after July 12, 2007.

CBOT Clearing Members receive fees in conjunction with CBOT Rule 106.H. Trading Member Firms. CBOT Clearing Members with shares are those clearing members that maintain CME Group Class A shares in accordance with CBOT Rule 106.J. Equity Member Firm requirements in order to receive equity member rates.