



Special Executive Report

S-9153

February 15, 2023

Proper Recordation, Endorsement and Keypunching of CME Brokerage Reassignment ("BK") Trades

Effective immediately, this Special Executive Report ("SER") supersedes CME Group SER-7611 from March 4, 2016. It is being issued in connection with the termination of open outcry trading in all CME products except Eurodollar options, Eurodollar MidCurve options, and SOFR options contract months.

General Requirement:

The BK process must be used by all IOM members who execute an options/futures spread trade via open outcry where the futures leg of the spread is a product outside of the IOM member's division. The purpose of the BK process is to ensure that any brokerage for the futures leg of the options/futures spread is properly credited to a member in the division in which the futures product has been allocated.

For example, an IOM member executing a Eurodollar options/futures spread in the Eurodollar options pit must ensure that the brokerage paid on the futures leg is properly directed to an IMM or CME member.

Executing Broker Responsibilities:

The following **must be denoted on the trading card or order ticket** used by the IOM member executing the options/futures spread:

1. Trade Type "6" which identifies the execution as a spread trade made via open outcry;
2. "BK" which identifies that brokerage on the futures leg will be reassigned to a member other than the executing member;

3. The acronym of the upper division member being credited the brokerage; and
4. The signature of the upper division member who will be credited with the brokerage applicable to the execution of the futures leg of the options/futures spread (the upper division member must be physically present on the trading floor at the time the order was executed, excluding the break rooms and restrooms).

Firm Keypunching Responsibilities:

When keypunching BK trades, firms must comply with the following requirements:

1. The IOM member executing the options/futures spread **must be identified as the executing broker for the trade**. This is accomplished by the firm entering the executing broker in the FILLING BROKER field on the Trade Confirmation Record ("TCR");
2. BK must be entered in the FRGN EX field on the TCR;
3. The acronym of the upper division member must be entered in the FRGN FRM field on the TCR; and,
4. If a BK trade is also identified as a give-up trade, the trade must be keypunched and matched in CME Front End Clearing prior to being given up to the carrying firm.

The above-referenced requirements must be observed for upper division members to be properly credited with the brokerage associated with the futures leg of the options/futures spread. Failure to comply with these requirements may result in disciplinary action.

Questions concerning executing broker responsibilities may be directed to one of the following individuals in Market Regulation:

Tom Ozga, 312.341.7638 (desk), 312.296.1516 (cell)
Barry Schauer, 312.341.7640 (desk), 312.296.1022 (cell)
Jackie Cerven, 312.872.5341 (desk)

Questions concerning firm keypunching responsibilities may be directed to CME Clearing Customer Service at 312.207.2525 or via email at ccs.@cmegroup.com.