



## Special Executive Report

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S-5426

October 5, 2010

### REDUCTION OF CME GROUP SHARE REQUIREMENT FOR CLEARING AND CORPORATE EQUITY MEMBER FIRMS

**Effective October 29, 2010**, CME, CBOT and NYMEX will reduce the requisite number of CME Group Class A shares ("shares") that clearing and corporate equity members of CME, CBOT and NYMEX ("equity member firms") are required to have assigned for their member firm privileges. The share reduction will affect NYMEX Clearing Members and NYMEX Rule 106.J. Member Firms.

Upon the effective date, the share requirement of an equity member firm of:

- One CME Group Exchange (i.e. CME, CBOT or NYMEX) will be reduced from 8,000 shares to 6,000 shares;
- Two CME Group Exchanges will be reduced from 12,000 shares to 9,000 shares; and
- Three CME Group Exchanges will be reduced from 16,000 shares to 12,000 shares.

If you have any questions regarding the changes to these rules, please contact Cathleen Downs, Associate Director, Audits at 312.648.3802.

The amendments to the NYMEX rules appear below.

#### **NYMEX Chapters 1 and 9 Rule Changes (Strikeout Version)**

##### **106. TRANSFERS, SECURITY TRANSACTIONS, AND AUTHORIZATIONS TO TRANSFER OR SELL**

##### **106.J. Member Firm**

A firm may qualify as a:

- NYMEX Rule 106.J. member firm if two NYMEX Division memberships and ~~942~~68,000 CME Group Class A Shares are assigned for the firm's membership privileges.
- COMEX Rule 106.J. member firm if two COMEX Division memberships are assigned for the firm's membership privileges.
- COMEX Rule 106.J. member firm (Options only) if two COMEX Option Division memberships are assigned for the firm's membership privileges.

A NYMEX Rule 106.J. member firm shall at all times have assigned to it at least ~~942~~942,000 CME Group Class A Shares if it is also either: (a) a CME clearing member or CME Rule 106.J. equity member firm or (b) a CBOT clearing member or a CBOT member firm that has an ~~68~~68,000 share requirement (including a CBOT clearing member or CBOT member firm with a grandfathered share requirement of 4,725). If the CBOT member firm has a 1,750 share requirement, the combined share requirement will be ~~79~~79,750.

A NYMEX Rule 106.J. member firm shall at all times have assigned to it at least ~~126~~126,000 CME Group Class A Shares if it is also both: (a) a CME clearing member or CME Rule 106.J. equity member firm and (b) a CBOT clearing member or a CBOT member firm that has an ~~68~~68,000 share requirement (including a CBOT clearing member or CBOT member firm with a grandfathered share requirement of 4,725). If the CBOT member firm has a 1,750 share requirement, the combined share requirement will be ~~103~~103,750.

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**902. CLEARING MEMBERSHIP ASSIGNMENT REQUIREMENTS****902.A. Assignment Requirement**

Subject to exemptions granted by Exchange staff, each clearing member shall have at least two Exchange memberships in each Division in which it desires clearing member privileges assigned to the Clearing House. In addition, each NYMEX Division Clearing Member shall at all times have assigned to it at least **68,000** CME Group Class A Shares.

A NYMEX Division Clearing Member shall at all times have assigned to it at least **942,000** CME Group Class A Shares if it is also either: (a) a CME clearing member or CME Rule 106.J. equity member firm or (b) a CBOT clearing member or CBOT member firm that has an **68,000** share requirement (including a CBOT clearing member or CBOT member firm with a grandfathered share requirement of 4,725). If the CBOT member firm has a 1,750 share requirement, the combined share requirement will be **79,750**.

A NYMEX Division Clearing Member shall at all times have assigned to it at least **126,000** CME Group Class A Shares if it is also both: (a) a CME clearing member or CME Rule 106.J. equity member firm and (b) a CBOT clearing member or CBOT member firm that has an **68,000** share requirement (including a CBOT clearing member or CBOT member firm with a grandfathered share requirement of 4,725). If the CBOT member firm has a 1,750 share requirement, the combined share requirement will be **103,750**.

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**NYMEX Chapters 1 and 9 Rule Changes (Final Version)****106. TRANSFERS, SECURITY TRANSACTIONS, AND AUTHORIZATIONS TO TRANSFER OR SELL****106.J. Member Firm**

A firm may qualify as a:

- NYMEX Rule 106.J. member firm if two NYMEX Division memberships and 6,000 CME Group Class A Shares are assigned for the firm's membership privileges.
- COMEX Rule 106.J. member firm if two COMEX Division memberships are assigned for the firm's membership privileges.
- COMEX Rule 106.J. member firm (Options only) if two COMEX Option Division memberships are assigned for the firm's membership privileges.

A NYMEX Rule 106.J. member firm shall at all times have assigned to it at least 9,000 CME Group Class A Shares if it is also either: (a) a CME clearing member or CME Rule 106.J. equity member firm or (b) a CBOT clearing member or a CBOT member firm that has an 6,000 share requirement (including a CBOT clearing member or CBOT member firm with a grandfathered share requirement of 4,725). If the CBOT member firm has a 1,750 share requirement, the combined share requirement will be 7,750.

A NYMEX Rule 106.J. member firm shall at all times have assigned to it at least 12,000 CME Group Class A Shares if it is also both: (a) a CME clearing member or CME Rule 106.J. equity member firm and (b) a CBOT clearing member or a CBOT member firm that has an 6,000 share requirement (including a CBOT clearing member or CBOT member firm with a grandfathered share requirement of 4,725). If the CBOT member firm has a 1,750 share requirement, the combined share requirement will be 10,750.

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**902. CLEARING MEMBERSHIP ASSIGNMENT REQUIREMENTS****902.A. Assignment Requirement**

Subject to exemptions granted by Exchange staff, each clearing member shall have at least two Exchange memberships in each Division in which it desires clearing member privileges assigned to the Clearing House. In addition, each NYMEX Division Clearing Member shall at all times have assigned to it at least **6,000** CME Group Class A Shares.

A NYMEX Division Clearing Member shall at all times have assigned to it at least 9,000 CME Group Class A Shares if it is also either: (a) a CME clearing member or CME Rule 106.J. equity member firm or (b) a CBOT clearing member or CBOT member firm that has an 6,000 share requirement (including a CBOT clearing member or CBOT member firm with a grandfathered share requirement of 4,725). If the CBOT member firm has a 1,750 share requirement, the combined share requirement will be 7,750.

A NYMEX Division Clearing Member shall at all times have assigned to it at least 12,000 CME Group Class A Shares if it is also both: (a) a CME clearing member or CME Rule 106.J. equity member firm and (b) a CBOT clearing member or CBOT member firm that has an 6,000 share requirement (including a CBOT clearing member or CBOT member firm with a grandfathered share requirement of 4,725). If the CBOT member firm has a 1,750 share requirement, the combined share requirement will be 10,750.

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