

# MARKET REGULATION ADVISORY NOTICE

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<b>Exchange</b>	<b>CME, CBOT, NYMEX &amp; COMEX</b>
<b>Subject</b>	<b>Consent to Exchange Jurisdiction</b>
<b>Rule References</b>	<b>Rule 418</b>
<b>Advisory Date</b>	<b>January 17, 2020</b>
<b>Advisory Number</b>	<b>CME Group RA2001-5</b>
<b>Effective Date</b>	<b>February 3, 2020</b>

Effective on trade date Monday, February 3, 2020, and pending all relevant CFTC regulatory review periods, this Market Regulation Advisory Notice will supersede CME Group Market Regulation Advisory Notice RA1909-5 from December 17, 2019. It is being issued to adopt a provision subjecting any intermediary that charges a commission or fee who may not otherwise be involved in a client's trade flow to the jurisdiction of the Exchanges. The same or similar provision will be adopted by all U.S. designated contract markets ("DCMs"), and results from an industry-wide effort to ensure that DCMs have full jurisdiction over such entities where a commission or fee is charged in connection with a client's trading activities in the applicable DCM's markets.<sup>1</sup>

On August 20, 2012, CFTC Regulation 38.151(a) became effective. CFTC Regulation 38.151(a) is set forth below.

#### **§38.151 Access requirements.**

(a) *Jurisdiction.* Prior to granting any member or market participant access to its markets, a designated contract market must require that the member or market participant consent to its jurisdiction.

In response to CFTC Regulation 38.151(a), CME, CBOT, NYMEX and COMEX adopted Rule 418 ("Consent to Exchange Jurisdiction"), which also became effective on August 20, 2012. The text of Rule 418 is set forth below:

#### **418. CONSENT TO EXCHANGE JURISDICTION**

Any Person initiating or executing a transaction on or subject to the Rules of the Exchange directly or through an intermediary, and any Person for whose benefit such a transaction has been initiated or executed, expressly consents to the jurisdiction of the Exchange and agrees to be bound by and comply with the Rules of the Exchange in relation to such transactions, including, but not limited to, rules requiring cooperation and participation in investigatory and disciplinary processes. Any futures commission merchant, introducing broker, associated person, or foreign Person performing a similar role that charges a commission or fee in connection with transactions on or subject to the Rules of the Exchange also expressly consent to the Exchange's jurisdiction.

All market participants and intermediaries are reminded that failure to fully cooperate and participate in any CME Group Market Regulation Department investigation or disciplinary enforcement matter may result in charges being issued for a violation of Rule 432.L. pursuant to the provisions of Rule 406 ("Issuance of Charges"). Rule 432.L. is set forth below:

#### **432. GENERAL OFFENSES**

It shall be an offense:

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<sup>1</sup> Please see Special Executive Report S-8518 from January 17, 2020, for additional information.

- L. 1. to fail to appear before the Board, Exchange staff or any investigative or hearing committee at a duly convened hearing, scheduled staff interview or in connection with any investigation;
- 2. to fail to fully answer all questions or produce all books and records at such hearing or in connection with any investigation, or to make false statements;
- 3. to fail to produce any books or records requested by duly authorized Exchange staff, in the format and medium specified in the request, within 10 days after such request is made or such shorter period of time as determined by the Market Regulation Department in exigent circumstances;

Sanctions for violations of Rule 432 may include monetary penalties and/or restrictions or denial of access to any or all products of any Designated Contract Market, Derivatives Clearing Organization, or Swap Execution Facility owned or controlled by CME Group.

Market participants and intermediaries are reminded that access to CME, CBOT, NYMEX and COMEX markets is conditioned on compliance with Rule 418. Market participants and intermediaries should be aware that refusal to cooperate or provide requested information based on privacy or other applicable laws of any foreign jurisdiction will in no manner affect the Market Regulation Department's forwarding of the matter for the issuance of charges pursuant to the provisions of Rule 406 for a violation of rule 432.L or any other applicable Rule.

Questions regarding this Advisory Notice may be directed to one of the following individuals in Market Regulation:

Steve Schwartz, Executive Director, Enforcement, 212.299.2853

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

Andrew Vrabel, Executive Director, Investigations, 312.435.3622

For media inquiries concerning this Advisory Notice, please contact CME Group Corporate Communications at 312.930.3434 or [news@cmegroup.com](mailto:news@cmegroup.com).