

# MARKET REGULATION ADVISORY NOTICE

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<b>Exchange</b>	<b>CME, CBOT, NYMEX &amp; COMEX</b>
<b>Subject</b>	<b>Manual/Automated Trading Indicator</b>
<b>Rule References</b>	<b>Rule 536.B.</b>
<b>Advisory Date</b>	<b>September 2, 2020</b>
<b>Advisory Number</b>	<b>CME Group RA2010-5</b>
<b>Effective Date</b>	<b>September 17, 2020</b>

Effective on trade date September 17, 2020, and pending all relevant CFTC regulatory review periods, this Market Regulation Advisory Notice will supersede CME Group Market Regulation Advisory Notice RA1914-5 from December 17, 2019. It is being issued based on amendments to Rule 536.B. (“Globex Order Entry”) in connection with the migration from iLink 2 to iLink 3. Additionally, the FAQ section is being amended to eliminate to references to legacy tags and their associated numbers and replace them with their titles.

No substantive information in this Advisory Notice has been amended.

## **536.B. Globex Order Entry**

### **1. General Requirement**

Each Globex terminal operator entering orders into Globex shall accurately input for each [Application Message](#) all fields required to be populated by the CME iLink® Message Specifications set forth in the [CME Group Client Systems Wiki](#) in effect at the time, including, but not limited to the: operator ID; price; quantity; product; expiration month; CTI code; manual indicator; and account number (except as provided in Section C), and, for options, put or call and strike price. The Globex Terminal Operator’s operator ID must be present on each Application Message, including order messages, submitted to Globex. For a Globex Terminal Operator with access pursuant to Rule 574, the clearing member that guarantees such access to Globex will be responsible for the Globex Terminal Operator’s compliance with this rule with respect to the following fields: operator ID, CTI code, manual indicator and account number. Notwithstanding, and in accordance with Rule 574, a clearing member must take appropriate action if it has actual or constructive knowledge that a Globex Terminal Operator has failed to accurately input for each Application Message fields required to be populated by this rule.

With respect to orders received by a Globex Terminal Operator which are capable of being immediately entered into Globex, no record other than that set forth above need be made. However, if a Globex Terminal Operator receives an order which cannot be immediately entered into Globex, the Globex Terminal Operator must prepare a written order and include the account designation, date, time of receipt and other information required pursuant to section A.1. above. The order must be entered into Globex when it becomes executable.

### **2. Electronic Audit Trail Requirements for Electronic Order Routing/Front-End Systems**

Entities certified by the Exchange to connect an order routing/front-end system to the Globex platform through the CME iLink® gateway are responsible for causing an audit trail of each message entered into Globex to be created. Clearing members guaranteeing a connection to Globex are responsible for maintaining or causing to be maintained the electronic audit trail for such systems. This electronic audit trail must be maintained for a minimum of 5 years, and clearing members must have the ability to produce this data in a standard format upon request of Market Regulation. Each such electronic audit trail must be complete and accurate and account for every electronic communication such system sends to or receives from Globex.

This electronic audit trail must contain all order entry, order modification, and Globex response receipt times to the highest level of precision achievable by the operating system, but at least to the millisecond. The times captured must not be able to be modified by the person entering the order. The data must also contain all required information and fields which include, but not limited to, the following:

a record of all fields relating to order entry, including transaction date, product, Exchange code, expiration month, quantity, order type, order qualifier, price, buy/sell indicator, stop/trigger price, order number, unique transaction number, account number, session ID, operator ID, manual indicator, self-match prevention ID where applicable, host

order number, trader order number, clearing member, type of action, action status code, customer type indicator, origin, and timestamps. For executed orders the audit trail must record the execution time of the trade along with all fill information.

In the case where the guaranteeing Clearing Firm has a direct connect client that is another Clearing Firm or an Equity Member Firm, the Clearing Firm may notify the client Clearing Firm or Equity Member Firm that it is their obligation to maintain the electronic audit trail. Upon execution of this written notice, it shall be the duty of the client Clearing Firm or Equity Member Firm to maintain an electronic audit trail pursuant to this rule. Nothing herein relieves any of the above-referenced firms from compliance with the applicable recordkeeping provisions of CFTC Regulations, including Regulation 1.31 or 1.35.

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### **FAQ Related to the Manual Order Indicator**

#### **1. What is the manual order indicator?**

The manual order indicator is a data field that is required on all order submissions to CME Globex to indicate whether a particular order is being submitted by manual or automated means. This has been a required data element on CME iLink interface order submissions since June 2011 and is now being added as a regulatory requirement.

#### **2. What specific values must be submitted in the manual order indicator?**

The message specifications can be found in the Client System Wiki:  
[iLink 2 Message Specifications](#)  
[iLink 3 Message Specifications](#)

#### **3. What is the definition of automated order entry?**

Automated order entry refers to orders that are generated and/or routed without human intervention. This includes any order generated by a computer system as well as orders that are routed using functionality that manages order submission through automated means (i.e. execution algorithm).

#### **4. What is the definition of manual order entry?**

Manual order entry refers to orders that are submitted to CME Globex by an individual directly entering the order into a front-end system, typically via keyboard, mouse or touch screen, and which is routed in its entirety to the match engine at the time of submission.

#### **5. May an Automated Trading System (“ATS”) team operator ID send in both manual and automated orders?**

No, ATS teams may send in only automated orders. All manually-entered orders must identify the operator ID of the specific person who entered the order.

#### **6. If an individual who is trading manually also uses automated spreading functionality that automates the entry of some orders, should the orders be designated as manual or automated?**

The manually entered orders must be properly identified as manual and the orders generated by automated means, including via automated spreading functionality, must be properly identified as automated as described in the Client Systems Wiki.

- 7. If a person manually enters an order into his front-end system which employs functionality that manages the submission of the order(s) to the CME Globex match engine, should the order(s) be designated as manual or automated?**

The orders should be designated as automated because the execution algorithm is generating the entry of the orders to the CME Globex match engine.

- 8. Does the front-end audit trail of the system used to enter orders into CME Globex need to record the manual order indicator values submitted for each order?**

Yes. The information in manual order indicator required to be captured and accurately recorded in the front-end audit trail.

- 9. What is a clearing firm's responsibility with regard to manual order indicator?**

Clearing firms are expected to ensure that they communicate this requirement to their customer authorized users, and to verify with the client that the manual order indicator is being correctly populated.

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

Betsy Schneider, Manager, Data Investigations, at 312.341.3343

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