

MARKET REGULATION ADVISORY NOTICE

Exchange	CME, CBOT, NYMEX & COMEX
Subject	Supervisory Responsibilities for Employees
Rule References	Rules 432.W., 433 and 501
Advisory Date	November 2, 2015
Advisory Number	CME Group RA1517-5

Pursuant to Rule 432.W. (“General Offenses”), it is an offense for any party to fail to diligently supervise its employees and agents in the conduct of their business relating to the CME Group Exchanges. For avoidance of doubt, agents include any automated trading systems (“ATs”) operated by any party. Additionally, pursuant to Rule 433 (“Strict Liability for the Acts of Agents”), parties are strictly liable for the acts, omissions, or failures of any officials, agents or employees acting for the party within the scope of their employment or office.

All parties are strongly encouraged to ensure that they have adopted and effectively execute appropriate supervisory procedures.

Additionally, pursuant to Rule 501 (“Employees of Members”), CME, CBOT, NYMEX and COMEX Members are reminded that they are responsible for ensuring that their trading floor employees comply with all exchange rules. A Member may register only a bona fide employee under Rule 501, and the Member is responsible for the supervision of that employee irrespective of whether the employee also works for other Members in addition to the registering Member. Members should be aware that they may, subject to a determination by an exchange disciplinary committee, be liable for any fines imposed upon their employees by any CME Group Exchange.

Members must notify the Membership Department when such employment relationships have been terminated. Additionally, a Member who no longer accesses the trading floor must ensure that access to the trading floor by the Member’s employees is terminated by notifying the Membership Department.

Members are also reminded that they have an affirmative obligation to diligently supervise all their employees, including those employees who do not have floor access, and that failure to do so constitutes a violation of Rule 432.W. (“General Offenses”).

The pertinent text of Rules 432.W., 433 and 501 are set forth below.

Rule 432. GENERAL OFFENSES

It shall be an offense:

W. for any party to fail to diligently supervise its employees and agents in the conduct of their business relating to the Exchange;

Rule 433. STRICT LIABILITY FOR THE ACTS OF AGENTS

Pursuant to Section 2(a)(1)(B) of the Commodity Exchange Act, and notwithstanding Rule 432.W., the act, omission, or failure of any official, agent, or other person acting for any party within the scope of his employment or office shall be deemed the act, omission or failure of the party, as well as of the official, agent or other person who committed the act.

Rule 501. EMPLOYEES OF MEMBERS

Members shall be responsible for ensuring that their employees comply with all Exchange rules and may, subject to a determination by an Exchange disciplinary committee, be liable for any fines imposed upon such employees by the Exchange.

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

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