

May 21, 2007

NOTICE

Broker Association Registration Requirements

Pursuant to Regulation 330.03, all broker associations must be registered with the Exchange and all members who are part of a Broker Association must ensure that they have filed the appropriate registration with the Exchange and that the registrations reflect current information. The failure of any Broker Association to ensure proper registration may result in disciplinary action against the members of the Broker Association.

All Broker Associations must ensure the attached registration form is completed and/or updated by June 13, 2007. Completed forms should be submitted to:

Anne Kiplinger
Manager, Office of Investigations & Audits
Suite 340-A
141 W. Jackson Blvd.
Chicago, IL 60604

Broker Associations are defined in Regulation 330.03, which states, in part, the following:

Two or more Exchange members with floor trading privileges, of whom at least one is acting as a floor broker, shall be required to register with the Exchange as a Broker Association, within ten days after establishment of the Broker Association, if they:

- (1) engage in floor brokerage activity on behalf of the same employer; or
- (2) have an employer and employee relationship which relates to floor brokerage activity; or
- (3) share profits and losses associated with their brokerage activity; or
- (4) regularly share a deck of orders.

Any registration information provided to the Exchange which becomes deficient or inaccurate must be updated or corrected promptly.

A member of a Broker Association shall be prohibited from receiving or executing an order unless the Broker Association is registered with the Exchange.

Additionally, Regulation 330.03 prohibits certain broker association arrangements as described below:

Members of a broker association may not share profits or losses associated with their personal trading activity by direct or indirect means.

No registered broker association or member thereof shall permit a non-member or non-member firm to have any direct or indirect profit or ownership interest in a registered broker association. Moreover, no registered broker association or member thereof shall permit a member who is not involved in the pre-execution or execution of customer orders to have any direct or indirect profit or ownership interest in a registered broker association.

Examples of the types of business relationships which constitute a Broker Association, and require registration are attached to this notice. These scenarios are not intended to be comprehensive.

The Regulatory Compliance Committee may establish registration exemptions for de minimis activity. Petitions for exemption from registration should be in writing and submitted to the address listed above.

Members who are already registered with OIA as part of a Broker Association will be provided with a copy of that registration for verification.

Questions regarding this notice or the registration requirements should be directed to one of the following individuals in the Office of Investigations and Audits:

Jennifer Baum	(312-341-3124)
Anne Kiplinger	(312-347-3933)
Angela Kaczmariski	(312-435-3704)

Paul J. Draths
Vice President and Secretary

Broker Association Registration Examples

A Broker Association is defined as two or more Exchange members with floor trading privileges, of whom at least one is acting as a floor broker, whose relationship is characterized by one or more of the following criteria:

- 1) engage in floor brokerage activity on behalf of the same employer; or
- 2) have an employer and employee relationship which relates to floor brokerage activity; or
- 3) share profits and losses associated with their brokerage activity; or
- 4) regularly share a deck of orders.

	Example Situation	Registration Required?
1	Two or more members are <u>employed by the same firm</u> to fill brokerage in one or more pits.	YES
2	A broker employs a <u>member clerk</u> to assist him in a clerical capacity relating to order flow.	YES
3	Two or more members execute floor brokerage and share commissions or errors.	YES
4	Two or more members execute floor brokerage and share a clerk who distributes orders to the brokers.	YES
5	Two members fill orders in a pit and regularly receive orders on the same EC.	YES
6	Two independent brokers fill orders for the same firm, but are not employed by the firm.	NO
7	Two members execute orders and separately employ the same trade checker to check their trades, but otherwise are unaffiliated.	NO
8	Two members back each other up on a non-routine, de-minimis basis.	NO
9	Proprietary traders execute trades for the same proprietary account but do not handle customer business.	NO

These are examples only. Members who have questions as to whether their business relationships require registration as a broker association should contact the representatives of the Office of Investigations and Audits listed in the notice.

BROKER ASSOCIATION REGISTRATION FORM

This form is to be filed with the Office of Investigations and Audits, Suite 340-A, 141 W. Jackson Blvd., Chicago, IL 60604, within ten days of the establishment of a Broker Association conducting business on the Exchange Floor of the Chicago Board of Trade. Please provide all requested information; complete or attach additional pages if necessary. ANY INFORMATION WHICH BECOMES DEFICIENT OR INACCURATE MUST BE UPDATED OR CORRECTED PROMPTLY. Please contact Anne Kiplinger at 312-347-3933 or Angela Kaczmariski at 312-435-3704 if you have any questions regarding broker association registration.

- 1- Name of Broker Association (if the Association does not have a formal name, please provide the name of the individual authorized to represent the Association before the Exchange):

- 2- Form of Broker Association:

_____ Partnership

_____ Corporation

_____ No formal structure

_____ Other (please explain)

- 3- Does this Broker Association have any arrangement by which commissions, expenses or errors are shared amongst the association members or with any other person or entity? If yes, please explain arrangement.

_____ No

_____ Yes

Please note that Regulation 330.03 prohibits members of a broker association from directly or indirectly sharing profits or losses associated with their personal trading activity (exclusive of error trades).

- 4- Do any members of the Broker Association have other business relationships with each other, whether related or unrelated to Exchange business? If yes, please detail the relationship.

_____ No

_____ Yes

- 5- List the futures and/or options contracts in which the Broker Association conducts business.

- 6- Identify the individual member of the Broker Association authorized to represent the Association before the Exchange.

- 7- Address for the Broker Association (all correspondence will be forwarded to this address):

- 8- List each member of the Association, the member's acronym, the function of each member (e.g. broker, clerk, etc.), and the members' Personal Clearing Firm(s) and account numbers. The following accounts should be included: any account in which the member has an interest, proprietary accounts that the member is authorized to trade, and any other accounts controlled by the member.

<u>Member</u>	<u>Badge Acronym</u>	<u>Function</u>	<u>FCM/Account #(s)</u>
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- 9- Are any members of this Broker Association registered members of another Broker Association at the Exchange? If yes, please identify the member and the other Broker Association with which they are registered.

<u>Member</u>	<u>Broker Association Name</u>	<u>Function</u>
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10- Does this Broker Association have any non-member investors?

_____ No _____ Yes

Please note that Exchange Regulation 330.03 prohibits non-members and non-member firms from having any direct or indirect profit or ownership interest in a registered broker association. Additionally, no member who is not involved in the pre-execution or execution of customer orders is permitted to have any direct or indirect profit or ownership interest in a registered broker association.

The information contained in this document is accurate and reflects the current registration information of the named Broker Association as of the date below. I understand that any changes to this information must be submitted to the Chicago Board of Trade Office of Investigations and Audits within ten business days of the date of the change.

Submitted by: _____
Print Name

Signature: _____ Date: _____

For Internal Use Only

Date received by the Office of Investigations & Audits: _____

Received By: _____