



Memorandum

FEE POLICY BULLETIN

TO: Individual NYMEX Members #11-02
Individual COMEX Members
Chief Compliance Officers
New Firm Approval Contacts
Firm EFS Contacts

FROM: Audit Department, Clearing House Division

DATE: March 14, 2011

SUBJECT: NYMEX/COMEX – Individual Members and Power of Attorney

CME Group Inc. ("CME Group") sets the fee policies for its four subsidiary exchanges - Chicago Mercantile Exchange Inc. ("CME"), Chicago Board of Trade, Inc. ("CBOT"), New York Mercantile Exchange, Inc. ("NYMEX") and Commodity Exchange, Inc. ("COMEX").

In response to market participant feedback, CME Group issued Fee Policy Bulletin ("FPB") #11-01 detailing CME, CBOT, NYMEX and COMEX individual member fee eligibility policies. While FPB #11-01 clarified and consolidated CME Group's fee policies for applying reduced fees to trades for individual member accounts it did not address permitted Power of Attorney ("POA") traders of NYMEX and COMEX individual members.

Under the Second Amended and Restated Certificate of Incorporation of New York Mercantile Exchange, Inc., individual members of NYMEX and COMEX may grant POA of electronic trading discretion to no more than three non-member individuals if owning a membership or no more than one non-member individual if leasing a membership. As a result, CME Group is issuing this FPB setting forth the policies regarding the granting of POA electronic trading discretion.

This FPB only applies to the unique benefits and requirements pertaining to individual members of NYMEX and COMEX with respect to granting POA electronic trading discretion and is effective July 1, 2011. All other individual member fee policies as detailed in FPB #11-01 must be complied with.

1. **Eligibility**

Individual members of NYMEX and COMEX including individuals owning a membership (equity members) and individuals leasing a membership (lessees) are eligible to grant POA of electronic trading discretion.

Individuals owning a NYMEX or COMEX membership may grant POA of electronic trading to no more than three non-member individuals per membership owned. Individuals leasing a NYMEX or COMEX membership may grant POA of electronic trading to one non-member individual per membership leased.¹

In accordance with NYMEX Rule 501, non-member individuals granted POA of electronic trading discretion may not have access to the trading floor as a non-member employee of an individual member or member firm.

2. Registration of POA Electronic Trader

In order to grant a non-member individual POA of electronic trading, the POA electronic trader must be appointed and registered to the individual NYMEX/COMEX member. An “Appointment of NYMEX/COMEX POA Electronic Trader” must be completed and filed with NYMEX’s Membership Services Department. Such grant of POA will remain in effect until terminated by filing a notice with NYMEX’s Membership Services Department.

Once registered with NYMEX’s Membership Services Department, the clearing member firm must register the POA electronic trader’s Operator ID (e.g. Tag 50 ID) and the individual NYMEX/COMEX member’s account in the Exchange Fee System (“EFS”). A clearing member will not be able to properly register the POA electronic trader in EFS until the POA electronic trader has been properly appointed and registered with NYMEX’s Membership Services Department.

3. Individual NYMEX/COMEX Member Account

In order to obtain member clearing fees, an individual NYMEX or COMEX member account must be 100% owned by an individual NYMEX or COMEX member, 100% jointly owned by individual NYMEX or COMEX members, 100% owned by a corporate entity which is 100% owned by an individual NYMEX or COMEX member or 100% owned by a corporate entity which is 100% jointly owned by individual NYMEX or COMEX members.²

All funding of and contributions to the individual NYMEX or COMEX member account must be 100% made by the individual NYMEX or COMEX member(s).

¹ For clarity, non-member individuals who are not otherwise bona-fide W-2 employees or 1099-MISC independent contractors of a clearing member entering orders on behalf of NYMEX and COMEX individual members may be granted a POA of electronic trading in accordance with this FPB. With the grant of POA of electronic trading, the orders entered by such non-member individuals for the account of a NYMEX or COMEX individual member may be assessed member fees.

² For clarity, NYMEX and COMEX are separate exchanges and each must be joined independently for membership status. Further, for purposes of this FPB, individual member will imply individual membership is held within the applicable exchange for purposes of receiving the member fees and benefits detailed.

As a result and as the POA is only a grant of electronic trading discretion, a POA electronic trader may not:

- Have an ownership interest in the individual NYMEX or COMEX member's account;
- Contribute any funding to the individual NYMEX or COMEX member's account in the form of a capital contribution, loan or any other type of payment; and
- Be responsible in any way for the individual NYMEX or COMEX member's account including losses of the account.

4. Individual NYMEX/COMEX Member Trade Execution/Order Submission

A POA electronic trader may trade with discretion as well as enter orders for the account of an individual NYMEX or COMEX member. Only trades conducted electronically of NYMEX and COMEX products, in the respective exchange of the individual member, will be entitled to member fees.³

The POA electronic trader(s) and the individual NYMEX or COMEX member(s) must be the sole decision-maker(s) in the submission of each order and must physically enter each order.

Orders that result from the collective activity and decision making of a group/team of individuals (not all of whom are individual NYMEX or COMEX members or POA electronic traders of individual NYMEX or COMEX members) will not be considered traded by an individual NYMEX or COMEX member/POA electronic trader eligible for member fees. CME Group has sole discretion to determine the universe of individuals who are part of the group/team involved in trading.

Usage of an Automated Trading System ("ATS") by individual NYMEX or COMEX members in which POA electronic traders are involved in the (1) determination of trading strategies, parameters, inputs, and alerts, (2) operation and administration of the system and (3) monitoring of trading performance, system performance and alerts will, as a general rule, require a corporate entity membership status in order to be eligible for reduced rates. Under very limited circumstances wherein the specific usage of an ATS is consistent with the spirit of individual member trading, CME Group will, in its sole discretion, grant individual member fees for trades by an ATS for an individual member account. Refer to FPB #11-01 for a complete discussion of individual member fee policies regarding the utilization of ATS.

5. POA Trader Compensation

A POA electronic trader may be a bona-fide employee or an independent contractor/self-employed individual of the individual NYMEX or COMEX member.

A POA electronic trader may be compensated for his trading activities of the individual NYMEX or COMEX member's account through receipt of a salary, salary plus bonus, discretionary payment, or profit split. Further, a POA electronic trader may share in the profitability/earn a

³ NYMEX products includes only products listed on the NYMEX Exchange and does not include products cleared through CME ClearPort.

return based on the member's account performance. Any profit splits with POA electronic traders may not exceed 80%/20% (i.e. 80% to the POA electronic trader/20% to the individual NYMEX or COMEX member). Further, any discretionary compensation including bonuses when added to any salary paid to the POA electronic trader, may not exceed 80% of the account's profit.

6. Application of Fees

For discretionary and non-discretionary orders entered by POA electronic traders of individual NYMEX or COMEX members, only the membership status of the account owner, that is the individual NYMEX or COMEX member, will impact the fees assessed.

If you have any questions, please call the Audit Department at (312) 930-3230.