CME Group

Advisory Notice

Clearing House

10-488

TO: Clearing Firms
BPS Users

FROM: CME Clearing

SUBJECT: BPS IRS 1099 Notification #3

DATE: December 7, 2010

AS A REMINDER, NOVEMBER 30, 2010 MARKS THE END OF THE 2010 TAX YEAR FOR BROKERAGE.
This memo covers the entire 1099 process, including:

- Year End Reports
- Tax Adjustment Period
- Backup Withholding
- Firm 1099 Statements
- BPS 1099 Processing Schedule

YEAR-END REPORTS

P**reliminary** CME and CBT 1099 Reports will be available on MRS (Member Reporting System) on December 13th as a report named "Prelim Broker's Yearly Banking Summary" which will reflect initial adjustments made by December 10, 2010. NYMEX and COMEX 1099 Reports will be available for pickup at the trading floor's master pulpit. In BPS, firms can run the Tax Billing Group Details report to verify their tax details.

Final CME and CBT 1099 Reports will be available on MRS on Monday January 3rd as "Final Broker's Yearly Banking Summary". NYMEX and COMEX 1099 Reports will be available for pickup at the trading floor's master pulpit.

Firm Year-End Reports

- Tax Billing Group Details Report: This is a firm report that will be available on December 13, 2010 on BPS. Firms can use this report to verify 2010 tax details.

TAX ADJUSTMENT PERIOD: December 01, 2010 THROUGH December 31, 2010

All tax adjustments for the 2010 tax year must be made **by Friday December 31, 2010**. Changes can be made to both active and inactive brokers. Additionally, if a broker has had more than one Tax Identification number during the tax year, changes can be made to **any** of the Tax Identification numbers.

In order to make a tax adjustment:

- Enter the BPS system and click on the 'Payment' tab on the left hand side of the screen
- Click on 'adjustments' and click 'create'
- Please select tax adjustment and process month of 11-2010, then enter broker, amount and any comment.
- Click 'Submit'

Please note that all adjustments made by Friday December 10, 2010 will be reflected on the preliminary reports distributed on Monday December 13, 2010.

2010 FIRM 1099 STATEMENTS

Firm 1099 statements will be produced for all brokers paid **$600.00 or more** for the 2010 Tax-year. If you pay brokerage into a corporation's account, we will produce 1099 statements under the corporation's Tax Identification number. Firms that plan to produce their own 1099 statements should notify the CME Group Clearing Services at ccs@cmegroup.com in writing by December 31, 2010, to request that we not produce 1099 Statements. The CME Group will create and send to the IRS a file that will include a record for each 1099 that we produce.

MAILING/DISTRIBUTION OF FIRMS 1099 STATEMENTS*:*

Firms have a choice to either distribute the 1099's to the brokers or have CME Group Document Processing Center complete this for a fee. The cost of this service is $0.23 per envelope plus postage, subject to a minimum charge of $5.00 or you can purchase1099 envelopes from CME Group Document Processing Center at a cost of $4.00 for a pack of 24 envelopes.

2010 BPS 1099 PROCESSING SCHEDULE

As a reminder, please reference the Clearing House Advisory Notice for 10-484 for a copy of the 2010 BPS 1099 Processing Schedule. The below link should serve as a reference as we go through the 1099 process.

http://www.cmegroup.com/tools-information/lookups/advisories/clearing/files/Chadv10-484.pdf

If you have any questions concerning 1099 processing, please contact CME Group Clearing Services at (312) 207-2525 or via e-mail at ccs@cmegroup.com. Thank you!