

11-464

TO: Clearing Firms  
BPS Users

FROM: CME Clearing

SUBJECT: BPS IRS 1099 Notification #3

**AS A REMINDER, NOVEMBER 30, 2011 MARKS THE END OF THE 2011 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**

**Preliminary** CME, CBT, NYMEX and COMEX 1099 Reports are available on MRS (Member Reporting System) as a report named "Prelim Broker's Yearly Banking Summary" which will reflect initial adjustments made by December 09, 2011. 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 Tuesday January 3<sup>rd</sup> 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 is available on BPS. Firms can use this report to verify 2011 tax details.

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**TAX ADJUSTMENT PERIOD: December 01, 2011 THROUGH December 31, 2011**

**All tax adjustments for the 2011 tax year must be made by Friday December 30, 2011.** 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 11-2011, and then enter broker, amount and any comment.
- Click 'Submit'

## **2011 FIRM 1099 STATEMENTS**

Firm 1099 statements will be produced for all brokers paid **\$600.00 or more** for the 2011 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](mailto:ccs@cmegroup.com) in writing by December 31, 2011, 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 \$0.25 per envelope plus postage, subject to a minimum charge of \$5.00 or you can purchase 1099 envelopes from CME Group Document Processing Center at a cost of \$4.00 for a pack of 24 envelopes.

## **2011 BPS 1099 PROCESSING SCHEDULE**

As a reminder, please reference the Clearing House Advisory Notice for 11-434 for a copy of the 2011 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/Chadv11-434.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](mailto:ccs@cmegroup.com). Thank you!