

MARKET REGULATION ADVISORY NOTICE

Exchange	NEX SEF
Subject	Order Routing/Front-End Audit Trail Requirements
Rule References	Rule 208, 302, 309
Advisory Date	March 8, 2022
Advisory Number	NEX SEF 2022-01
Effective Date	May 16, 2022

This Market Regulation Advisory Notice is being issued to inform market participants of the regulatory requirements attendant to order routing and the creation and maintenance of front-end audit trail, effective on trade date April 4, 2022¹ and pending all relevant CFTC regulatory review periods. Note, all capitalized terms shall have the meaning outlined in the Rulebook.

NEX SEF Rule 208 (“Recordkeeping”) requires that the electronic audit trail associated with any system that accesses the NEX SEF platform contain a complete and accurate record of all activity through that connection, and account for every electronic communication by the order routing or front-end system from the time such order routing or front-end system receives or generates an electronic communication until it is communicated to NEX SEF. Further, the Rule requires that Participants accessing the Facility are responsible for maintaining, or causing to be maintained, the electronic audit trail for a minimum of 5 years.

Participants responsible for the order routing/front-end audit trail must have the ability to provide data in the required format irrespective of the method used to connect to the Facility. Further, the connected entity must ensure that **all trading functionality supported by the system** is appropriately reflected in the audit trail. For the convenience of those responsible for such order routing or front-end systems, the NEX SEF has updated the [CME Group Client Systems Wiki](#) with data definitions, required format, and validation rules applied through the certification process of the minimum acceptable audit trail elements that such systems must capture.

An option for market participants to be compliant with these requirements is to download NEX SEF Front End Audit Trail - FEAT100 reports. This report is created by the exchange by capturing and formatting audit trail for all market participants. Market Participants can be compliant with rule 208 by downloading audit trail files via CME Enterprise Reporting Portal (EREP) and via CME SFTP service and storing these files for 5 years. The files will be available for download at the end of each business day. Each file will remain available for a maximum of 30 days.

CME Group Market Regulation performs annual reviews of order routing/front-end audit trails to validate that certified systems capture data in accordance with the minimum acceptable audit trail elements.

Responsibility for Preserving Audit Trails

NEX SEF Participants are responsible for maintaining or causing to be maintained the order routing/front-end system audit trail for all electronic orders, including order entry, modification, cancellation, and responses to such messages (referred to as the “electronic audit trail”), entered into the NEX SEF platform.

Within 10 days of the new system being deployed in the live environment, the Participant is required to provide the Market Regulation Department with a full production audit trail report. The purpose of this review is to verify that the Participant’s audit trail meets the minimum data requirements, and that it can

¹ This is a tentative date subject to change.

be produced in a standard human readable format. Questions regarding the submission of sample or production audit trail reports should be sent to AuditTrail@CMEGroup.com.

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

Terry Quinn, Manager, 312.435.3753

Laetizia Moreau, Senior Director, 312.435.3619

For media inquiries concerning this Market Regulation Advisory Notice please contact CME Group Corporate Communications at 312.930.3434 or news@cmegroup.com.