



Corporate Memberships

Corporate Memberships, available under CME Rules 106.H., 106.I. and 106.N., are a way in which a non-member firm may obtain certain privileges of membership without being duly elected as a clearing member. These rules provide that a non-member firm, or a clearing member for Rule 106.I. membership, may purchase a membership in CME and the associated Class B Share in Chicago Mercantile Exchange Holdings Inc. (collectively referred to as the “membership”) in the division in which preferential clearing fees are desired. Class A Shares in Chicago Mercantile Exchange Holdings Inc. are not required for corporate membership.

A corporation may purchase a membership; however, unless the corporation is designated as a Rule 106.H., 106.I. or 106.N. firm or is 100% owned by members of the Exchange, its proprietary trading activity will not receive benefits of membership including preferential clearing fee rates.

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Note: The current Exchange fees can always be found on CME's Web site at www.cme.com.

8. Internal Revenue Service Form W-9

Corporate Memberships Rule 106.H.

CME Rule 106.H. Membership – Non-Member Firms Employee Transfers

General

Rule 106.H. allows a non-member firm to own a membership so that the firm may receive preferential clearing fee and performance bond rates on its proprietary trading at CME.

The proprietary trading activity of a Rule 106.H. corporate member may be for any legitimate business purpose of the firm, including hedge or speculative trading purposes. A Rule 106.H. firm must own at least one membership in the division, or in a higher division, in which it wants preferential clearing fee or performance bond rates for its proprietary trading. Refer to the Product Listing by Division. The benefits extend to both GLOBEX® and RTH trades. The membership must be held by an employee of the firm who has been approved for membership by the Shareholder Relations and Membership Services Department.

A futures commission merchant, introducing broker, broker/dealer, foreign broker or other entity which carries customer accounts may become a Rule 106.H. member. If the Rule 106.H. firm carries customer accounts, it must be properly registered. If located in the United States or transacting activity for U.S. customers, it must be registered as an introducing broker or FCM depending upon its customer activity. Foreign entities conducting trading activity only for foreign domiciled customers are not subject to any U.S. regulatory registration requirements but must comply with their home country regulations. The customers of a Rule 106.H. firm may be either direct customers of the clearing member (an introducing relationship) or cleared in a customer omnibus account of the Rule 106.H. firm.

The proprietary trades of a Rule 106.H. firm must be carried in a separate account from those of its customers by its clearing member. The Rule 106.H. member may allow its customers to use its front-end system for electronic trading. However, only the proprietary account of the Rule 106.H. member firm (not that of its subsidiaries, affiliates or customers) will be entitled to reduced clearing fees in the division of membership held.

Privileges and Restrictions of Members Holding Rule 106.H. Membership

The employee who holds a Rule 106.H. membership (“member”):

- May be a Board or Committee member.
- May have the 20-day notice period waived on a subsequent transfer.
- Must join the Gratuity Fund if elected to membership after January 1, 1989.
- May not sell, transfer, bequeath, give away or otherwise transfer any membership privileges.

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- May not assign the membership for clearing membership purposes except if the corporate member applies for clearing membership privileges, such membership may be assigned upon conversion to clearing membership.
- May not receive preferential clearing fee and performance bond rates on their personal trades unless the member (a) has an acceptable proprietary interest of \$500,000 in the corporate member or (b) owns or leases another membership.
- May not solicit, accept or execute orders on the floor for an account other than his personal account or the proprietary account of the corporate member. Such activity is prohibited by CME Rule 505.

Privileges and Restrictions of Rule 106.H. Member

A Rule 106.H. corporate member:

- May vote in Exchange elections as allowed within the division of membership owned.
- May not represent itself as a member of the Exchange and must clear its trades through a clearing member.
- May sell or transfer the membership at any time except that the membership may not be transferred under Rules 106.C., 106.D., 106.F. or 106.G.
- May not assign the membership for clearing membership purposes except if the corporate member applies for clearing membership privileges, such membership may be assigned upon conversion to clearing membership.
- May have the employee who holds the membership disqualified from trading at any time by giving notice to the Exchange and the qualifying clearing member. The firm must have the employee disqualified upon termination of his affiliation with the firm.
- May receive preferential clearing fee and performance bond rates once the corporate member and the employee who holds the membership are approved for membership.
- Is exempt from NFA fees for its proprietary trades in the division of membership owned.
- May conduct proprietary trading of the corporate member; however, such proprietary trading must be done by an employee issued a W-2 and included on the firm's payroll tax records, an owner of the firm or a commodity trading advisor.
- May have joint accounts with non-CME members; however such joint accounts are not entitled to preferential clearing fees and are assessed customer clearing fees.
- May have a joint account with another CME-member where both members have their own capital at risk of loss. However, the clearing fee and performance bond rate would be charged on the lowest division of membership held by both parties. For example, if the corporate member owned a CME membership, the member owned an IOM membership, and the joint account traded Live Cattle (not an IOM product), then the clearing fee rate charged would be that of customer and no preferential clearing fee rate would apply. Joint accounts with non-CME members are not entitled to preferential clearing fees and are assessed customer clearing fees.
- May apply for clearing membership privileges.

Corporate Memberships Rule 106.H.

Clearing Fee Issues

Refer to the most recent Clearing Fee Schedule of Chicago Mercantile Exchange Inc.

Within the division of the membership owned, proprietary trades of a Rule 106.H. corporate member:

- Are charged Clearing, GLOBEX System and Other Fees in accordance with the fees for “106 H/N Firms” as set forth in the current fee schedule. The proprietary trades of 100% owned subsidiaries of Rule 106.H. members are not entitled to preferential clearing fee rates. Only the entity owning the Rule 106.H. membership is entitled to preferential clearing fee rates.
- Are not charged GLOBEX Customer fees for trades within the division of membership owned.
- May have employees trading on multiple GLOBEX terminals for its proprietary account; provided the employees meet the requirements outlined below.
- Are not entitled to capping of GLOBEX System fees for E-mini products.
- Are entitled to tiered GLOBEX System fees, depending upon monthly volume, for electronically traded Foreign Exchange Futures products within the division of membership owned.
- Are entitled to tiered clearing fees, depending upon daily volume, for Interest Rate and TRAKRSSM Stock Index futures products within the division of membership owned.

In order to receive preferential clearing fees, the proprietary trading of the Rule 106.H. member must meet the following requirements:

- Only bona fide employees and owners of the firm or commodity trading advisors can conduct the proprietary trading activity.
- Only the firm’s capital can be at risk of loss; that is, no traders can have their own capital at risk.

The following has been developed as a guide to differentiate between bona fide employees trading the proprietary account versus independent individuals trading the account and sharing in the profits and/or losses.

The terms of any written employment agreement should support the classification of the trading activity as proprietary. Further, to ensure bona fide employees are trading the proprietary account which is then entitled to the preferential clearing fees, the following requirements must be met:

(1) Bona fide employees are evidenced through:

- Issuance of a W-2 for all compensation to the trader.

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- Inclusion in the firm's payroll tax records.
- Trader has no income until the firm pays the trader.

(2) Proprietary account is evidenced through:

- All profits and losses of the account are written off to income.
- All profits and losses of the account are taxed to the firm.
- The trader does not make any capital contribution to the account.
- Only the firm's capital is at risk of loss; that is, no traders can have their own capital at risk.

Periodic clearing fee audits are conducted to verify that the trading activity of the corporate member is proprietary and is being conducted by bona fide employees, owners and commodity trading advisors. Accounts incorrectly charged preferential clearing fee rates will be assessed the appropriate fees and, if deemed appropriate, fines will be assessed and/or disciplinary action will be taken.

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Rule 106.I.

CME Rule 106.I. Membership – Related Party Employee Transfers

General

Rule 106.I. allows a firm that either: (1) owns, directly or indirectly, 100% of a clearing member or (2) that has 100% ownership, direct or indirect, in common with a firm that owns, directly or indirectly, 100% of a clearing member, to receive preferential clearing fee and performance bond rates on the proprietary trading of such firms within the division of membership owned. Refer to the Product Listing by Division.

Under Rule 106.I., a membership may be owned by either the clearing member or any firm that either: (1) owns, directly or indirectly, 100% of a clearing member or (2) that has 100% ownership, direct or indirect, in common with a firm that owns, directly or indirectly, 100% of a clearing member (“related parties”). The membership required for Rule 106.I. is in addition to the memberships assigned for the clearing member’s clearing membership privileges. Class A Shares are not required for Rule 106.I. membership.

The individual member on the Rule 106.I. membership must be an employee or officer of the clearing member or any of its 100% related parties who has been approved for membership by the Shareholder Relations and Membership Services Department.

Prior to July 2003, the benefits of the Rule 106.I. membership only flowed downward to 100% owned affiliates of the designated Rule 106.I. firm. Therefore, it was advantageous for the ultimate parent company to become the corporate member. Rule changes in July 2003 allow the Rule 106.I. membership to be held anywhere within the chain of related parties, including the clearing member, provided the related party either: (1) owns, directly or indirectly, 100% of the clearing member or (2) has 100% ownership, direct or indirect, in common with a firm that owns, directly or indirectly, 100% of the clearing member. All affiliates, which have 100% ownership, direct or indirect, in common with the clearing member, are then entitled to preferential clearing fee and performance bond rates.

The proprietary positions of the clearing member and its 100% related parties receiving preferential clearing fees must be carried separately from other house accounts on the books of the clearing member. Organizational charts must be maintained demonstrating ownership of all related parties receiving preferential clearing fees.

If a firm does not have 100% ownership, direct or indirect, in common with a CME clearing member (e.g. firm has 75% ownership in common with a clearing member), a Rule 106.H. membership is available. Rule 106.I. memberships are only available to clearing members or its related parties.

The membership held under Rule 106.I. is in addition to the memberships assigned for the clearing member’s clearing membership privileges. A membership held under Rule 106.I. cannot be assigned for clearing membership privileges. However, other

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memberships owned by the Rule 106.I. member/firm and not designated as a Rule 106.I. membership may be assigned without restriction for the clearing membership privileges of its affiliate clearing member or leased out under Rule 106.D.

The clearing member or related party must complete an Application for Corporate Membership and submit it to the CME Audit Department for approval as a Rule 106.I. firm.

Privileges and Restrictions of Members Holding Rule 106.I. Membership

The employee who holds a Rule 106.I. membership (“member”):

- May be a Board or Committee member.
- May have the 20-day notice period waived on a subsequent transfer.
- Must join the Gratuity Fund if elected to membership after January 1, 1989.
- May not sell, transfer, bequeath, give away or otherwise transfer any membership privileges.
- May not assign the membership for clearing membership purposes.
- May not receive preferential clearing fee and performance bond rates on their personal trades unless the member (a) has an acceptable proprietary interest of \$500,000 in any related party or (b) owns or leases another membership.

Privileges and Restrictions of Rule 106.I. Member

A Rule 106.I. corporate member:

- May vote in Exchange elections as allowed within the division of membership owned.
- May not represent itself as a member of the Exchange and must clear its trades through a clearing member.
- May sell or transfer the membership at any time except that the membership may not be transferred under Rules 106.C., 106.D., 106.F. or 106.G.
- May not assign the membership for clearing membership purposes.
- May have the employee who holds the membership disqualified from trading at any time by giving notice to the Exchange and the qualifying clearing member. The firm must have the employee disqualified upon termination of his affiliation with the firm.
- May receive preferential clearing fee and performance bond rates once the corporate member and the employee who holds the membership are approved for membership.
- Is exempt from NFA fees for its proprietary trades in the division of membership owned.
- May conduct proprietary trading of the corporate member; however, such proprietary trading must be done by an employee issued a W-2 and included on the firm’s payroll tax records, an owner of a related party or a commodity trading advisor.
- May have joint accounts with non-CME members; however, such joint accounts are not entitled to preferential clearing fees and are assessed customer clearing fees.

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- May have a joint account with another CME-member where both members have their own capital at risk of loss. However, the clearing fee and performance bond rate would be charged on the lowest division of membership held by both parties. For example, if the corporate member owned a CME membership, the member owned an IOM membership, and the joint account traded Live Cattle (not an IOM product), then the clearing fee rate charged would be that of customer and no preferential clearing fee rate would apply. Joint accounts with non-CME members are not entitled to preferential clearing fees and are assessed customer clearing fees.
- May not consider other memberships owned by the clearing member but assigned for its clearing membership privileges when determining the clearing fee and performance bond rates for products outside the division of the Rule 106.I. membership. Only the membership(s) designated as the Rule 106.I. membership may be considered. For example, if a clearing member was the Rule 106.I. firm and it owned an IMM membership under Rule 106.I. but also owned two CME memberships which were assigned for its clearing membership privileges, a related party which traded Live Cattle (not an IMM product) would be assessed customer clearing fee rates. No preferential clearing fee rate applies to products traded outside the division of membership owned by the corporate member.

Clearing Fee Issues

Refer to the most recent Clearing Fee Schedule of Chicago Mercantile Exchange Inc.

Within the division of the membership owned, proprietary trades of a Rule 106.I. corporate member:

- Are charged Clearing, GLOBEX System and Other Fees in accordance with the fees for “106.I. Members” as set forth in the current fee schedule. In addition, all related parties which either: (1) own, directly or indirectly, 100% of a clearing member or (2) have 100% ownership, direct or indirect, in common with firm that owns, directly or indirectly, 100% of a clearing member are also charged the preferential clearing fee rates.
- Are not charged GLOBEX Customer fees for trades within the division of membership owned.
- May have employees trading on multiple GLOBEX terminals for its proprietary account; provided the employees meet the requirements outlined below.
- Are entitled to capping of GLOBEX System fees for E-mini products.
- Are entitled to tiered GLOBEX System fees, depending upon monthly volume, for electronically traded Foreign Exchange Futures products within the division of membership owned.
- Are entitled to tiered clearing fees, depending upon daily volume, for Interest Rate and TRAKRSSM Stock Index futures products within the division of membership owned.

In order to receive preferential clearing fees, the proprietary trading of the Rule 106.I. member and its related parties must meet the following requirements:

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- Only bona fide employees and owners of the firm or commodity trading advisors can conduct the proprietary trading activity.
- Only the firm's capital can be at risk of loss; that is, no traders can have their own capital at risk.

The following has been developed as a guide to differentiate between bona fide employees trading the proprietary account versus independent individuals trading the account and sharing in the profits and/or losses.

The terms of any written employment agreement should support the classification of the trading activity as proprietary. Further, to ensure bona fide employees are trading the proprietary account which is then entitled to the preferential clearing fees, the following requirements must be met:

(1) Bona fide employees are evidenced through:

- Issuance of a W-2 for all compensation to the trader.
- Inclusion in the firm's payroll tax records.
- Trader has no income until the firm pays the trader.

(2) Proprietary account is evidenced through:

- All profits and losses of the account are written off to income.
- All profits and losses of the account are taxed to the firm.
- The trader does not make any capital contribution to the account.
- Only the firm's capital is at risk of loss; that is, no traders can have their own capital at risk.

Periodic clearing fee audits are conducted to verify that the trading activity of the corporate member is proprietary and is being conducted by bona fide employees, owners and commodity trading advisors. Accounts incorrectly charged preferential clearing fee rates will be assessed the appropriate fees and, if deemed appropriate, fines and/or disciplinary action will be taken.

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Rule 106.N.

CME Rule 106.N. Membership – GEM Institutional Access Firm

General

Rule 106.N. allows a non-member firm to own a GEM membership so that the firm may receive reduced clearing fee and performance bond rates on its proprietary trading of products within the GEM division of CME. Refer to the Product Listing by Division. The membership must be held in the name of an employee of the firm who has been approved for membership by the Shareholder Relations and Membership Services Department.

A Rule 106.N. member may not be engaged in customer business with U.S. customers. The holder/employee of the Rule 106.N. firm/membership may solicit foreign customers from the floor of the Exchange but only for products within the GEM division and bona fide spreads involving such products. Such bona fide spreads are identified in the Interpretations of CME Rules 135.A. and 135.B. However, the trades of the foreign customers are assessed customer clearing fees. If the Rule 106.N. member trades bona fide spreads of GEM products and non-GEM products, only the GEM products will receive preferential clearing fee rates. The clearing fee rates of products outside the GEM division, even if for a bona fide spread, will receive customer clearing fee rates.

Privileges and Restrictions of Members Holding Rule 106.N. Memberships

The employee who holds a Rule 106.N. membership (“member”):

- May be a Board or Committee member.
- May have the 20-day notice period waived on a subsequent transfer.
- Must join the Gratuity Fund if elected to membership after January 1, 1989.
- May not sell, transfer, bequeath, give away or otherwise transfer any membership privileges.
- May not assign the membership for clearing membership purposes except if the corporate member applies for clearing membership privileges, such membership may be assigned upon conversion to clearing membership.
- May not receive preferential clearing fee and performance bond rates on their personal trades unless the member (a) has an acceptable proprietary interest of \$500,000 in the corporate member or (b) owns or leases another membership.

Privileges and Restrictions of Rule 106.N. Member

A Rule 106.N. corporate member:

- May vote in Exchange elections as allowed within the division of membership owned.
- May not represent itself as a member of the Exchange and must clear its trades through a clearing member.

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- May sell or transfer the membership at any time except that the membership may not be transferred under Rules 106.C., 106.D., 106.F. or 106.G.
- May not assign the membership for clearing membership purposes except if the corporate member applies for clearing membership privileges, such membership may be assigned upon conversion to clearing membership.
- May have the employee who holds the membership disqualified from trading at any time by giving notice to the Exchange and the qualifying clearing member. The firm must have the employee disqualified upon termination of his affiliation with the firm.
- May receive preferential clearing fee and performance bond rates once the corporate member and the employee who holds the membership are approved for membership.
- Is exempt from NFA fees for its proprietary trades in the GEM division.
- May conduct proprietary trading of the corporate member; however, the proprietary trading must be done by an employee issued a W-2 and included on the firm's payroll tax records, an owner of the firm or a commodity trading advisor.
- May have joint accounts with non-CME members; however, such joint accounts are not entitled to preferential clearing fees and are assessed customer clearing fees.
- May have a joint account with another CME-member where both members have their own capital at risk of loss. However, the clearing fee and performance bond rate would be charged on the lowest division of membership held by both parties. For example, if the corporate member owned a GEM membership, the other member owned a CME membership, and the joint account traded Live Cattle (not a GEM product), then the clearing fee rate charged would be that of customer and no preferential clearing fee rate would apply. Joint accounts with non-CME members are not entitled to preferential clearing fees and are assessed customer clearing fees.
- May request approval to change its corporate membership or to apply for clearing membership privileges.

Clearing Fee Issues

Refer to the most recent Clearing Fee Schedule of Chicago Mercantile Exchange Inc.

Within the division of the membership owned, proprietary trades of a Rule 106.N. corporate member:

- Are charged Clearing, GLOBEX System and Other Fees in accordance with the fees for "106 H/N Firms" as set forth in the current fee schedule. The proprietary trading of 100% owned subsidiaries of Rule 106.N. members are not entitled to preferential clearing fee rates. Only the entity holding the Rule 106.N. membership is entitled to preferential clearing fee rates.
- Are not charged GLOBEX Customer fees for trades within the GEM division.
- May have employees trading on multiple GLOBEX terminals for its proprietary account; provided the employees meet the requirements outlined below.
- Are not entitled to capping of GLOBEX System fees for E-mini products.
- Are entitled to tiered GLOBEX System fees, depending upon monthly volume, for electronically traded Foreign Exchange Futures products.

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- Are entitled to tiered clearing fees, depending upon daily volume, for Interest Rate products.

In order to receive preferential clearing fees, the proprietary trading of the Rule 106.N. member must meet the following requirements:

- Only bona fide employees and owners of the firm and commodity trading advisors can conduct the proprietary trading activity.
- Only the firm's capital can be at risk of loss; that is, no traders can have their own capital at risk.

The following has been developed as a guide to differentiate between bona fide employees trading the proprietary account versus independent individuals trading the account and sharing in the profits and/or losses.

The terms of any written employment agreement should support the classification of the trading activity as proprietary. Further, to ensure bona fide employees are trading the proprietary account which is then entitled to the preferential clearing fees, the following requirements must be met:

(1) Bona fide employees are evidenced through:

- Issuance of a W-2 for all compensation to the trader.
- Inclusion in the firm's payroll tax records.
- Trader has no income until the firm pays the trader.

(2) Proprietary account is evidenced through:

- All profits and losses of the account are written off to income.
- All profits and losses of the account are taxed to the firm.
- The trader does not make any capital contribution to the account.
- Only the firm's capital is at risk of loss; that is, no traders can have their own capital at risk.

Periodic clearing fee audits are conducted to verify that the trading activity of the corporate member is proprietary and is being conducted by bona fide employees, owners and commodity trading advisors. Accounts incorrectly charged preferential clearing fee rates will be assessed the appropriate fees and, if deemed appropriate, fines and/or disciplinary action will be taken.

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Documentation Required and Approval Process

The Rule 106.H., 106.I. or 106.N. corporate member applicant must submit to the Audit Department:

- Application for Corporate Membership and all required attachments including ownership charts, certified financial statements and listings of proprietary traders and evidence of employment.

The Rule 106.H., 106.I. or 106.N. corporate member applicant and/or the employee of the applicant must submit to the Shareholder Relations and Membership Services Department:

- Application for Membership – Short Form and required fee of \$300 (for a returning member whose membership privileges were terminated within the previous 60 days); or
- Application for Membership – Short Form with Long Form financial statement and required fee of \$500 (for a returning member whose membership privileges have been terminated for more than 60 days but less than one year); or
- Application for Membership – Long Form and required fee of \$1,750 (for a new member or a returning member whose membership privileges have been terminated for more than one year).
- Qualification of a Member to Execute Trades on CME (if floor trading privileges are desired)
- For Rule 106.N. Memberships, Growth and Emerging Markets (GEM) Division Trading Floor Access Rules Statement and Acknowledgment of Trading Non-GEM Products/Exit Card Readers.
- Internal Revenue Service Form W-9.

These forms are available on CME's Web site at:

www.cme.com/about_cme/shareholder_member/about_shareholdermember_forms.cfm

The Audit Department shall consider the applicant's business reputation, financial resources and trading activity in approving the corporate membership.

Corporate Memberships

Exchange Contact Personnel

If you have questions concerning corporate memberships or clearing membership, contact:

- Ms. Debbie Kokal, Director, Audit Department, at (312) 930-3235 or dkokal@cme.com
- Ms. Cathleen Downs, Audit Manager, Audit Department, at (312) 648-3802 or cdowns@cme.com

If you have questions concerning approval of employees for membership, contact:

- Mr. Robert Krewer, Associate Director, Shareholder Relations and Membership Services Department, at (312) 930-3483 or rkrewer@cme.com
- Ms. Jule Mondschein, Supervisor, Shareholder Relations and Membership Services Department, at (312) 930-3485 or jmondsch@cme.com

Corporate Memberships

Links to Exhibits to Corporate Membership Summary

[Product Listing by Division](#)

[Exchange Fee Schedule](#)

Note: The current Exchange fees can always be found on CME's Web site at www.cme.com.

[Internal Revenue Service Form W-9](#)