

DRAFT
CCFE Advisory 2004-01

To: CCFE Members

From: William Boyk
Senior Vice President – Exchange Operations

Date: November XX, 2004

Re: **CCFE REPORTABLE POSITION PROCEDURES**

This advisory describes the procedures for Clearing Member Futures Commission Merchants (“FCM”) and omnibus accounts in accordance with Rule 408 – Reportable Positions.

Reportable Position Levels

Sulfur Financial Instruments 25 contracts in any contract month

A reportable position in any one contract month of a product for an account will require the reporting of all positions in all contract months of the product held by the account.

Large Trader Reportable Position Procedures

CCFE has entered into a Regulatory Services contract with the National Futures Association (NFA) to provide regulatory, surveillance and oversight services to augment the Exchange’s regulatory responsibilities. CCFE has also entered into a Clearing Services Agreement with The Clearing Corporation (“CCorp”). NFA and CCorp services include support for reportable position reporting and oversight.

The CCorp Larger Trader Reporting System “LTRS” provides a system for Clearing Participants and their Clearing Divisions to report Large Trader information pursuant to the requirements of CCFE. The system allows for the daily reporting of end of day open positions for Reportable Accounts. It also facilitates the reporting of certain personal information for each Reportable Account.

Personal Information

On the first business day that a Clearing FCM reports a position for a specific Reportable Account it must provide the personal information using the P1 and P2 data in the Clearing Corporation’s LTRS. Once the personal information for a specific Reportable Account is entered into the LTRS it remains in the system until deleted by the firm. It is the Clearing FCM’s responsibility to update the system with any changes.

The P1 and P2 data indicates the 3-digit Clearing Participant/Division code, the CFTC Reporting Number, the name of individual or organization and street address, the city and state or country,

the branch office, origin (customer or house), an account type and a user type (commercial or non-commercial) The specific information contained in the P1 and P2 records has not changed with the introduction of CCFE and is the same that Clearing Participants/Divisions have used previously.

CFTC Form 102

A firm must also submit a copy of the CFTC Form 102 to the NFA on the first business day that a firm reports a position for a Reportable Account. The firm is required to file all updates to the CFTC Form 102 with the NFA. This filing does not replace the required filing with the CFTC. These forms should be faxed to:

Dan Unti	312-658-4135
Ed Dasso	312-658-1520

Position Information

The P5 (P6) data is used to provide the position in each contract. These indicate the 3-digit Clearing Participant/Division code, the CFTC Reporting Number, position date, exchange, option type, commodity, contract month and year, exercise price, long positions and short position. The specific information contained in the P5 and P6 records has not changed with the introduction of CCFE and is the same that Clearing Participants/Divisions have used previously.

Omnibus Reporting

Omnibus Accounts are handled differently from other Reportable Accounts within the CCorp LTRS. The system provides a specific method for reporting Omnibus Accounts and their Principals. (The term Principal refers to a Reportable Account within an Omnibus Account.) The system provides a method to associate each Principal to its corresponding Omnibus Account. Omnibus Accounts are identified as such as part of the personal information. Each Omnibus Account must be assigned a 5-digit, right justified account number. (e.g. ____ _ 12345") The positions must contain the same exact account number on the P5 (P6) to associate correctly.

The personal information (P1 and P2) for a Principal of an Omnibus Account identifies the account as such. Additionally the value of "994" rather than the Clearing Participant/Division three digit code is used on the input records. The account number for a Principal must be 10-digits. The first 3 digits denote the Clearing Participant/Division number. The last 5 digits are the 5-digit account number of the Omnibus Account. Digits 4 and 5 are used to uniquely identify the specific Principal from other Principals of the same Omnibus Account. For example, Principal account number "0010712345" denotes the Principal "07" of Omnibus Account "12345" held at Clearing Participant/Division "001". This methodology allows surveillance staff to quickly identify the related Omnibus Account with its Principals.

The reporting of Principals within an Omnibus Account can also be different because the Omnibus Account may be reported on a disclosed or non-disclosed basis. Disclosed means that the identities of the Omnibus Account's Principals are disclosed to the Clearing Participant/Division; non-disclosed means that they are not.

When the Omnibus Account is carried on a disclosed basis the Clearing Participant/Clearing Division has the position and identifying information needed for reporting the personal information of each Principal. When the Omnibus Account is carried on a non-disclosed basis, the Clearing Firm/Clearing Division does not likely have the needed information for the Large Trader Reporting purposes.

CCFE members that are foreign entities whose customer accounts are not carried by FCMs on a fully disclosed basis must provide the customer's name, address, and occupation.

The following describes a method for allowing the reporting of Omnibus Principal information to the LTRS without requiring the Omnibus Account to disclose its customers to the Clearing Participant/Clearing Division.

Once an Omnibus Account determines that it has a Reportable Account it (the Omnibus Account) needs to contact a representative of the NFA at mktsvl@nfa.futures.org. The NFA will coordinate with the Omnibus Account the assignment to the Principal of a unique 10-digit account number, using the aforementioned algorithm for Large Trader purposes. The P1 and P2 information should be submitted at this time using the attached template. The P1 and P2 information should be submitted to NFA by aforementioned fax or email by 9:00A.M. CST. The Omnibus Account must contact the Clearing Participant/Clearing Division on a daily basis to inform it of reportable positions and the corresponding Principal Account number. The Clearing Participant/Clearing Division then enters the P5 (P6) information using the value of "994" rather than the Clearing Participant/Division three digit code on the input records and reflects the 10-digit account number into the CCorp LTRS.

Questions may be addressed to:

Dan Unti, Senior Manager of Market Services and Technology – NFA, at 312.781.1325

CCorp Client Services and Support at 312.786.5718