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September 11, 2006

Ms. Eileen Donovan
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

**RE: CME Regulatory Advisory, RA-06-06 (supersedes RA-06-02)
Submission No. 05-78**

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OFFICE OF THE SECRETARIAT

Dear Ms. Webb:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby notifies the Commission that the Exchange has issued a regulatory advisory to CME members, Clearing Member Firms, employees and CME Globex® users regarding updated requirements for workstation operator identifiers on CME Globex orders entered through CME iLink connections. This advisory updates the previously issued March 2006 advisory RA-06-02. A copy of this regulatory advisory is attached.

The Exchange certifies that this regulatory advisory neither violates nor is inconsistent with any provision of the Commodity Exchange Act or of the rules and regulations thereunder.

If you have any questions regarding this matter, please call me at (312) 648-5422.

Sincerely,

/S/ Stephen M. Szarmack
Director and Associate General Counsel



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Regulatory Advisory

TO: All Members, Clearing Member Firms, Employees and CME
Globex® Users RA-06-06
(supersedes
RA-06-02)

FROM: CME Market Regulation Department

DATE: September 11, 2006

SUBJECT: Updated Requirements for Workstation Operator Identifiers on CME
Globex Orders Entered through CME iLink® Connections

CME requires that every electronic order submitted to CME Globex contain information which identifies the workstation operator. This Advisory, which supersedes Regulatory Advisory RA-06-02, provides information concerning the requirements for identification and registration of workstation operator identifiers on orders sent manually or by automated means to CME Globex through CME iLink connections. Additionally, a set of Frequently Asked Questions ("FAQ") which provides more specific information on the requirements for registering and identifying workstation operator identifiers is included in the final section of this Advisory, beginning on page 3.

All market users should be aware that CME Rule 576 ("Identification of GLOBEX Terminal Operators") requires that terminal operators be identified to the Exchange in the manner prescribed by the Exchange. CME Clearing Member Firms ("clearing members") are reminded that the rule also makes it "the duty of the clearing member to ensure that registration is current and accurate at all times."

The workstation operator identifier (also known as the senderSubID or TAG 50, and hereinafter referred to as the TAG 50) is required on all orders entered through CME iLink connections. The TAG 50 can be up to 18 bytes (characters) maximum length and should be transmitted in FIX TAG 50. Accurate data in this FIX tag is necessary for regulatory purposes, and in some circumstances is required for the proper fees to be applied. Failure to submit accurate data, including TAG 50 data, into the Exchange Fee System ("EFS") may be a violation of Rule 576.

The specific requirements for entering orders into CME Globex depending on whether such orders are entered by an individual terminal operator or through an Automated Trading System ("ATS") are described below:

Manually Entered Orders

For manually entered orders, the TAG 50 must uniquely identify the person who entered the instruction into the system. The clearing firm that guarantees the connection point to CME Globex must ensure that the TAG 50 transmitted through its connection point is unique to the clearing firm and is not shared with anyone else. This requirement applies to individual members, employees of a clearing firm, customers, or anyone else entering an order on behalf of another party.

Regardless of whether the TAG 50 is registered in EFS, clearing firms must be able to provide Market Regulation with the identity of the person assigned a particular TAG 50 upon request, and must maintain historical records for at least five years to identify each TAG 50. A person entering manual orders should not have multiple TAG 50s within a particular front-end system.

Semi-Automated Functionality

Many front-end trading systems supply automated spreading functionality that gives traders the ability to automate spread strategies. CME does not require a separate TAG 50 for this activity as long as the use of the spreading software is primarily to augment manual trading. However, if the automated spreading functionality is or becomes the primary source of order entry, or if there is a large amount of order traffic from the operator, then a separate TAG 50 must be assigned to distinguish the automated orders from the manual orders.

ATS (Automated Trading System)

An ATS is an electronic system or computer software that is programmed to generate and route orders into CME Globex without a specific human action involved in sending or verifying the orders. This type of system is often referred to as a "black box." An ATS operator is a person who operates, administers and/or monitors the ATS. Typically this is a person who initiates or disables particular algorithms or strategies, or adjusts the parameters of the automated program.

An ATS that does not require an individual to initiate or manually confirm the creation of a specific instruction must be assigned and must transmit into CME Globex a unique TAG 50 that identifies the person who operates, administers and/or monitors the ATS. If the ATS operator is responsible for multiple trading models, algorithms, programs, or systems which trade the same product, and which potentially could trade opposite one another, then each model, algorithm, program or system must be assigned a unique TAG 50. Any deviation from this requirement must be approved by CME Market Regulation before being implemented.

ATS TAG 50 Registration Requirements

CME requires clearing members to register all ATS TAG 50s in EFS if they represent individual members or employees of a member, a clearing member, a corporate member, or a party receiving preferential clearing fees as a result of participating in any special program offered by CME. These membership categories and programs include CME Rule 106.H. ("Corporate Member Firm Transfers") members, CME Rule 106.I. ("Related Party Employee Transfers") members, CME Rule 106.R. ("Electronic Corporate Member Transfers") members ("ECMs"),

CME Rule 106.S. ("Family of Funds Transfers") members, Asian Incentive Program ("AIP") participants, Emerging Market Partner Program ("EMPP") participants, European Incentive Program ("EIP") participants, FX Bank Incentive Program ("BIP") participants and CTA/Hedge Fund Pilot Program participants.

The clearing firm must associate each ATS TAG 50 with the name of the person who is directly responsible for controlling the trading of the ATS, and must select the ATS attribute on the registration screen within EFS to indicate that the TAG 50 represents an ATS. Each ATS operator must provide accurate and up-to-date information to their clearing firm concerning ATS TAG 50s in accordance with the requirements described above. The TAG 50 that is registered in EFS must exactly match the TAG 50 that is submitted on CME Globex orders entered through CME iLink connections.

Clearing firms must ensure that all ATS TAG 50s which require registration are appropriately registered in EFS and must correct any errors and make any necessary updates to TAG 50 registrations. Failure to transmit TAG 50s to CME Globex in accordance with this Advisory may result in a reassessment of trading fees and/or be deemed a violation of CME rules and result in disciplinary action.

While every person or ATS entering orders through CME iLink connections must be identified by a unique TAG 50, CME does not require the registration of TAG 50s in EFS for entities which are not members or in other special fee programs. CME does, however, reserve the right to require the registration of ATS operators in EFS if the ATS generates a large amount of order traffic. EFS supports the registration of persons not eligible for discounted fees as an ATS operator in circumstances where such person wishes to or is directed to register in EFS.

ATS Identification, Registration and Messaging Frequently Asked Questions

General Information

1. With respect to CME Globex[®], what is an Automated Trading System ("ATS")?

An ATS is an electronic system or computer software that is programmed to generate and route orders into CME Globex without a specific human action involved in sending or verifying the orders. This type of system is often referred to as a "black box."

2. Does CME require a workstation operator identifier for each ATS order?

Yes, each ATS order must be submitted with a unique workstation operator identifier that identifies the person who operates and/or administers the ATS. Further, if the operator is responsible for multiple trading models, algorithms, programs, or systems which trade the same product, and which potentially could trade opposite one another, then each model, algorithm, program or system must be assigned a unique workstation operator identifier. The workstation operator identifier is most commonly referred to as the "TAG 50," and will be referred to as such for the remainder of this document.

3. Why is the workstation operator identifier referred to as the TAG 50?

It is known as a TAG 50 because the workstation operator identifier is submitted through CME iLink[®] in FIX TAG 50. The TAG 50 can be up to 18 bytes long and is assigned by the clearing firm, not CME.

4. If a trader enters manual orders, but also has an ATS, can all the orders be entered under a single TAG 50?

No, there should be separate TAG 50s for the manual and ATS orders. There is one exception as detailed in question #5 below.

5. Under what circumstances may a trader use a single TAG 50 for the entry of both manual and automated orders?

Many front-end trading systems furnished by Independent Software Vendors supply automated spreading functionality which gives traders the ability to automate spread strategies. CME does not require a separate TAG 50 for this activity as long as the use of the spreading software is primarily to augment manual trading. However, if the automated spreading functionality is or becomes the primary source of order entry, or if there is a large amount of order traffic from the operator, then a separate TAG 50 must be assigned to distinguish the automated orders from the manual orders.

6. Does the TAG 50 need to be unique to the clearing firm?

Yes. The clearing firm that guarantees the connection point must ensure that each TAG 50 used through its connection point is unique to the firm and is not used by multiple parties at the firm. Additionally, TAG 50s are not case sensitive at CME. Clearing firms must ensure that uniqueness is achieved by means other than solely modifying the letter case between different TAG 50s. For example, CME systems would view "ABC" and "abc" as the same TAG 50.

7. How do I identify TAG 50s when more than one individual is administering/monitoring the operation of the ATS?

For regulatory and operational needs it is important that CME have accurate information regarding all individuals that are operating the automated system. CME recognizes that ATSs are still developing, and that there are different models for administering these systems. If you believe that your method of administering your ATS is unique and may not fit the requirements of this FAQ, you may contact CME Market Regulation and apply for a pre-approved variation on these requirements. Market Regulation may allow for some flexibility if an arrangement can be reached which meets the needs of your business and appropriately identifies the specific individuals who operate the ATS.

8. If an ATS administrator/monitor (employee, clerk, programmer) initiates, disables or adjusts an ATS at the request of an account owner or an account controller acting with discretion, who should be identified in the TAG 50 as the ATS operator?

The ATS operator is an individual whose physical actions enable, disable, adjust or actively monitor the ATS. In this example, the person who makes the physical change to the system must be identified as the ATS operator in TAG 50 even though the change was directed by the account owner.

9. How does TAG 50 assignment and registration work if one operator administers multiple ATS systems or multiple ATS algorithms?

The clearing firm should give each ATS or ATS algorithm a separate TAG 50, and register each of those TAG 50s in the Exchange Fee System ("EFS") as required in #11 below.

10. Is there a limit on the number of ATSS one clearing member or corporate member firm may have?

There is no limit to the number of ATSS that a clearing member or corporate member firm can use to trade its proprietary account. All ATS administrators must be employees or contractors eligible to trade the proprietary account and receive the firm's discounted fees.

If you have questions on the eligibility of an ATS administrator to trade a proprietary account at discounted rates, please contact the EFS support line at 312/648.5470.

11. Is there a limit on the number of ATSS one individual may have?

There is no specific limit to the number of ATSS that an individual can use to trade his personal account. However, if an individual member has an ATS, and has other individuals operating, administering, or monitoring the ATS, each of those individuals must be identified with their own TAG 50. This may also have fee implications for the individual member's activity. If you have questions about the possible fee implications, please contact the EFS support line at 312/648.5470.

ATS Registration

12. When does CME require registration of TAG 50s of ATSS?

CME requires that all ATS TAG 50s be registered in EFS if they are individual members or employees of a member, a clearing member, a corporate member, or in any other special programs offered by CME such as the Asian Incentive Program, the European Incentive Program or the Emerging Market Partner Program. As a rule of thumb, if a person is an individual member or an employee or independent contractor of an entity that will receive member or special program discounted fees, they will be in a category for which registration of the TAG 50 in EFS is required.

To register the ATS operator, CME Clearing Member Firms ("clearing firms") must select the corresponding ATS attribute on the registration screen within EFS. A separate TAG 50 must be individually registered for each different model, algorithm, program, or system.

13. If the ATS is being operated by a person *not* eligible for discounted fees, does the TAG 50 of the ATS operator still need to be registered with the CME?

Currently, CME does not require the registration of ATS TAG 50s for entities which are not members or in other special fee programs. However, CME may from time-to-time request a count of ATSS not currently registered. Further, CME reserves the right to require the registration of such ATS operators if the ATS generates a large amount of order traffic.

Please be advised that EFS supports the registration of persons not eligible for discounted fees as an ATS operator if you wish to or are directed to register these individuals.

14. How do I register the TAG 50 of the ATS operator?

The clearing firm is responsible for registration of the ATS TAG 50s which is done by using the registration functionality in EFS. Each trading entity must provide accurate and up-to-date information to their clearing firm to allow for accurate entry of the

information into EFS. All changes in personnel or entity structure that affect registrations require prompt updates to be made in EFS.

Again, EFS supports the registration of persons not eligible for discounted fees as an ATS operator if you wish or are directed to register these individuals.

15. What information is required when registering a TAG 50?

CME requires the person's date of birth, country of primary address, email address, and last 4 characters of the person's tax ID or equivalent unique identification number from the person's country of origin. **The TAG 50 must be identified as an ID of an ATS operator.** If the individual is in a member or special fee category, EFS provides a drop down menu allowing for selection of the appropriate category which must also be indicated.

16. If a TAG 50 of an ATS operator is currently registered with CME but not identified as an ATS, do I need to re-register or edit the TAG 50 registration?

Yes. Beginning in March 2006, CME discontinued use of the form that was previously required for ATS registration and allowed for registrations of ATS TAG 50s in the EFS system to make ATS registration easier. **Clearing firms should check to make sure that all ATS TAG 50s are appropriately registered and correct any errors and make any necessary updates to TAG 50 registrations.**

17. How will CME verify that ATSS have properly registered their TAG 50s?

The CME Audit Department conducts periodic audits of clearing firms to ensure that proper fees have been paid. CME Market Regulation conducts recordkeeping audits of clearing firms and other trading entities to ensure that the recordkeeping rules and policies have been followed.

Incorrect data recorded on trades may result in reassessment of trading fees or, if found to violate CME rules, be subject to disciplinary action.

18. Whom do I contact if I have additional questions on the registration of ATSS and the TAG 50s of ATS operators?

Questions relating to Regulatory requirements should be directed to Lou Abarcar at 312/648.3623, Nitu Khanna at 312/930.4571, James Moran at 312/930.8520 or Robert Sniegowski at 312/648.5493. Fee-related questions should be directed to the EFS support line at 312/648.5470.

ATS Messaging

19. How does CME monitor, measure, and control the amount of messaging sent in to the CME Globex Platform?

CME has a messaging policy that is administered at the Class A clearing firm level. This policy measures message quality and liquidity provided by calculating a "volume ratio." When the volume ratio exceeds a specified threshold, the firm is issued a surcharge.

Clearing firms are given reports which show the specific users and accounts which caused the messaging surcharges and will generally pass those surcharges on to the specific client.

You can read more on the messaging policy on the CME Web site at www.cme.com/messagingpolicy

20. How does the messaging policy apply to ATs?

ATs are treated like any other market participant and are subject to the messaging policy which applies to all message flow except that of registered market makers which may be subject to different volume ratio benchmarks depending on the product.

21. Who do I call for more information on the Messaging Policy?

Please contact CME Globex Account Management at GlobexAccountManagement@cme.com, or 312/634.8700, or at 44-207-623-2550 in Europe.

If you have any questions relating to this Advisory or FAQ, please contact Lou Abarcar at 312/648.3623, Nitu Khanna at 312/930.4571, James Moran at 312/930.8520 or Robert Sniogowski at 312/648.5493. Fee-related questions should be directed to the EFS support line at 312/648.5470.