

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 19-424 (2 of 4)

Organization: The Board of Trade of the City of Chicago, Inc. ("CBOT")

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 12/16/19

Filing Description: Amendments to CME, CBOT, NYMEX/COMEX Rule 536.B.2. ("Electronic Audit Trail Requirements for Electronic Order Routing/Front-End Systems") and Issuance of CME Group Market Regulation Advisory Notices RA1912-5, RA1913-5 and RA1914-5.

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

Rule Numbers: 536.

New Product

Please note only ONE product per Submission.

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

Official Product Name:

Product Terms and Conditions (product related Rules and Rule Amendments)

- Certification § 40.6(a)
- Certification Made Available to Trade Determination § 40.6(a)
- Certification Security Futures § 41.24(a)
- Delisting (No Open Interest) § 40.6(a)
- Approval § 40.5(a)
- Approval Made Available to Trade Determination § 40.5(a)
- Approval Security Futures § 41.24(c)
- Approval Amendments to enumerated agricultural products § 40.4(a), § 40.5(a)
- "Non-Material Agricultural Rule Change" § 40.4(b)(5)
- Notification § 40.6(d)

Official Name(s) of Product(s) Affected:

Rule Numbers:

December 16, 2019

VIA ELECTRONIC PORTAL

Mr. Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Re: CFTC Regulation 40.6(a) Certification. Amendments to CME, CBOT, NYMEX/COMEX Rule 536.B.2. (“Electronic Audit Trail Requirements for Electronic Order Routing/Front-End Systems”) and Issuance of CME Group Market Regulation Advisory Notices RA1912-5, RA1913-5, and RA1914-5. CBOT Submission No. 19-424 (2 of 4)

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulation 40.6(a), Chicago Mercantile Exchange Inc. (“CME”), The Board of Trade of the City of Chicago, Inc. (“CBOT”), New York Mercantile Exchange, Inc. (“NYMEX”) and Commodity Exchange, Inc. (“COMEX”) (collectively, the “Exchanges”) hereby notify the Commission that they are self-certifying amendments to CME, CBOT, NYMEX/COMEX Rule 536.B.2. (“Electronic Audit Trail Requirements for Electronic Order Routing/Front-End Systems”) to amend certain audit trail requirements for order routing/front-end systems (“Systems”) that connect to the CME Globex electronic trading platform (“Globex”) and the issuance of CME Group Market Regulation Advisory Notices RA1912-5 (“RA1912-5”), RA1913-5 (“RA1913-5”) and RA1914-5 (“RA1914-5”) (the “Advisory Notices”) (collectively, the “Rule Amendments”), effective on trade date Thursday, January 2, 2020.

The current language of CME, CBOT, and NYMEX/COMEX Rule 536.B.2. requires entities that are certified by the Exchange to connect a System to Globex to capture an electronic audit trail of each message received by such System, referred to as Tier 2 audit trail. The Rule also requires such entities to capture an electronic audit trail of all messages sent to Globex by the System and all messages received by the System from Globex, referred to as Tier 1 audit trail. Market Regulation currently conducts electronic audit trail exams on Clearing Members that encompass both Tier 1 and Tier 2 audit trail.

Upon review of the audit trail exam process conducted by Market Regulation, it was determined that the need for review of Tier 2 audit trail is generally immaterial with respect to ensuring compliance with Rules of the Exchanges. The Rule Amendments will result in the audit trail exams conducted by Market Regulation to focus solely on Tier 1 audit trail. The Rule Amendments do not affect any recordkeeping requirements imposed by CFTC Regulation 1.35. To the extent that a firm retains Tier 2 audit trail data, either for internal purposes or to comply with the requirements of any other regulator, that data would be obtainable should Market Regulation request it in connection with any inquiry.

The amendments to CME, CBOT, NYMEX/COMEX Rule 536.B.2. are set forth in Exhibit A with additions underscored and deletions ~~overstruck~~.

The Exchanges are issuing RA1912-5, RA1913-5 and RA1914-5 to update the text of Rule 536.B.2. The Advisory Notices are appended in Exhibits B, C and D, respectively.

The Exchanges reviewed the designated contract market core principles (“DCM Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the Rule Amendments may have some bearing on the following Core Principle:

Availability of General Information: The Rule Amendments will be posted on the CME Group website in satisfaction of this core principle. In addition, the Exchanges will issue a Special Executive Report (“SER”) to the marketplace in advance of the amendments to Rule 536.B.2. becoming effective, which will also be posted on the CME Group website.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchanges certify that the Rule Amendments comply with the Act and regulations thereunder. There were no substantive opposing views to this proposal.

The Exchanges certify that this submission has been concurrently posted on the Exchanges’ website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

If you require any additional information regarding this submission, please contact the undersigned at 212.299.2200 or via email at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A: CME, CBOT, NYMEX/COMEX Rule 536.B.2. (blackline format)
Exhibit B: CME Group Market Regulation Advisory Notice RA1912-5
Exhibit C: CME Group Market Regulation Advisory Notice RA1913-5
Exhibit D: CME Group Market Regulation Advisory Notice RA1914-5

EXHIBIT A

CME, CBOT, NYMEX/COMEX Rulebooks
Chapter 5
(“Trading Qualifications and Practices”)
(additions are underscored; deletions are ~~overstruck~~)

536.B. Globex Order Entry

[536.B.1. is unchanged.]

2. Electronic Audit Trail Requirements for Electronic Order Routing/Front-End Systems

Entities certified by the Exchange to connect an order routing/front-end system to the Globex platform through the CME iLink® gateway are responsible for creating an audit trail of each message entered into Globex. Clearing members guaranteeing a connection to Globex are responsible for maintaining or causing to be maintained the electronic audit trail for such systems. This electronic audit trail must be maintained for a minimum of 5 years, and clearing members must have the ability to produce this data in a standard format upon request of Market Regulation.

Each such electronic audit trail must be complete and accurate and account for every electronic communication such system ~~receives or generates, including any electronic communication such system sends to or~~ receives from Globex.

This electronic audit trail must contain all ~~order receipt,~~ order entry, order modification, and [Globex](#) response receipt times to the highest level of precision achievable by the operating system, but at least to the millisecond. The times captured must not be able to be modified by the person entering the order. The data must also contain all Fix Tag information and fields which should include, but is not limited to the following:

a record of all fields relating to order entry, including transaction date, product, Exchange code, expiration month, quantity, order type, order qualifier, price, buy/sell indicator, stop/trigger price, order number, unique transaction number, account number, session ID, Tag 50 ID, automated or manual indicator (Tag 1028), self-match prevention ID (Tag 7928) where applicable, host order number, trader order number, clearing member, type of action, action status code, customer type indicator, origin, and timestamps. For executed orders the audit trail must record the execution time of the trade along with all fill information.

In the case where the guaranteeing Clearing Firm has a direct connect client that is another Clearing Firm or an Equity Member Firm, the Clearing Firm may notify the client Clearing Firm or Equity Member Firm that it is their obligation to maintain the electronic audit trail. Upon execution of this written notice, it shall be the duty of the client Clearing Firm or Equity Member Firm to maintain an electronic audit trail pursuant to this rule. Nothing herein relieves any of the above-referenced firms from compliance with the applicable recordkeeping provisions of CFTC Regulations, including Regulation 1.31 or 1.35.

[The remainder of the Rule is unchanged.]

EXHIBIT B

MARKET REGULATION ADVISORY NOTICE

Exchange	CME, CBOT, NYMEX & COMEX
Subject	Documentation of Customer Orders and Submission of Suspense Accounts on CME Globex
Rule References	Rule 536
Advisory Date	December 17, 2019
Advisory Number	CME Group RA1912-5
Effective Date	January 2, 2020

Effective on trade date Thursday, January 2, 2020, and pending all relevant CFTC regulatory review periods, this Market Regulation Advisory Notice will supersede CME Group Market Regulation Advisory Notice RA1720-5 from December 13, 2017. It is being issued based on amendments to Rule 536.B.2. (“Electronic Audit Trail Requirements for Electronic Order Routing/Front-End Systems”).¹

Since October 1, 2018, this Advisory Notice has set forth the circumstances under which a suspense account may be submitted on orders entered into CME Globex (“Globex”) and the requirements attendant to proper documentation of such orders. For purposes of this Advisory Notice, a suspense account means a temporary holding account that is submitted at the time of order entry into Globex but prior to the allocation of the executions to the specific accounts on a carrying Clearing Member Firm’s books.

No other material changes have been made to the Advisory Notice.

The text of Rule 536.B. (“Globex Order Entry”) and Rule 536.C. (“Bunched Orders and Orders Eligible for Post Execution Allocation”) which are, in part, applicable to the use of suspense accounts, begins on page 5. A Frequently Asked Questions (“FAQ”) section begins on page 8.

This MRAN does not apply to 1) the entry of block trades and Exchange for Related Position Transactions (“EFRPs”) submitted via CME ClearPort/CME Direct and 2) trades executed via open outcry in a trading pit.

Entry of Suspense Accounts into Globex

The Exchanges recognize the following five circumstances where a suspense account may be used at the time of order entry into Globex, subject to the requirements and limitations set forth in this Advisory Notice:

- Orders entered by or on behalf of an Eligible Account Manager (“EAM”) that has written investment discretion over the accounts of customer(s) (“EAM-Specific Suspense Accounts”);

¹ Please see Special Executive Report S-8477 from December 17, 2019, for information on the amendments.

- Bunched DRT orders for multiple customers where the resulting trades are subject to a written pre-determined allocation scheme (“Bunched DRT Suspense Accounts”);
- Orders subject to a written pre-determined allocation scheme (“Pre-Determined Allocation Scheme Suspense Accounts”);
- Bunched Request for Cross (“RFC”) orders (“Bunched RFC Order Suspense Accounts”); and
- *De minimis* usage for orders entered by Execution Operations (“Execution Operation Suspense Accounts”)

Unless otherwise provided below, Market Regulation will conduct examinations of Exchange Clearing Member Firms and their guaranteed introducing brokers (“IBs”) related to their usage of suspense accounts. The use of suspense accounts must comport with the requirements detailed in this Advisory Notice and such use is subject to a heightened level of regulatory scrutiny. **No other use of suspense accounts for order entry into Globex is permitted.**

EAM-Specific Suspense Accounts

Persons or entities that qualify as an EAM, as defined in CFTC Regulation 1.35(b)(5)(i), with written investment discretion regarding participating customer accounts may enter orders for those customers, including bunched orders on behalf of multiple customers, into Globex using a suspense account. An EAM that has granted written investment discretion to another EAM is considered a customer of that other EAM. In all cases, the suspense account must be unique to the EAM responsible for the order entry. For purposes of this Advisory Notice, this is referred to as an “EAM-Specific Suspense Account.” Any post-execution allocation of the resulting executions must be done in compliance with CFTC Regulation 1.35(b)(5) and the National Futures Association Interpretive Notice related to National Futures Association (“NFA”) Compliance Rule 2-10, including recordkeeping requirements.

Bunched DRT Suspense Accounts

A DRT order (Disregard Tape or Not-Held Order) means an order placed by an account owner or controller that gives a person complete discretion over price and time in the execution of the order, including discretion to execute all, some, or none of the order.

A person in possession of DRT orders for multiple customers may bunch those orders and enter them into Globex using a suspense account provided the following conditions are met:

1. The account owner or controller must have consented to having its orders bunched with other DRT orders and must further have consented to having its trade executions average priced with the trade executions of the other orders included in the bunched order.
2. The person bunching the DRT orders must create, prior to the entry of the bunched DRT order into Globex, a written or electronic record of each underlying customer order in accordance with Rule 536.B.1. The underlying customer order must reflect that the order was a DRT order and include an electronic timestamp reflecting the date and time the order was received and the customer-specific account designation.
3. The person bunching the DRT orders or entering the bunched DRT order into Globex must use a suspense account that specifically identifies or is unique to the person responsible for the bunching of the DRT orders. That suspense account must be used solely for bunching DRT orders.

4. Prior to the entry of a bunched order into Globex, the executing Clearing Member Firm must be provided the methodology to be used to allocate the trade executions to the customer accounts participating in the bunched DRT order. The methodology must address how trade executions should be allocated in instances where only part of the bunched DRT order is executed.
5. All trade executions for the bunched DRT orders must be averaged priced in accordance with Rule 553 ("Average Price System") prior to the allocation of the executions to the underlying customer accounts.
6. A person bunching DRT orders must make the executing Clearing Member Firm and any carrying Clearing Member Firms aware that it is engaged in bunching DRT orders.

Pre-Determined Allocation Scheme Suspense Accounts

Orders subject to a pre-determined allocation scheme may be entered into Globex using a suspense account provided the following conditions are met:

1. Each allocation scheme must use a unique suspense account. The Pre-Determined Allocation Scheme Suspense Account may not be used for orders not subject to the allocation scheme.
2. Prior to the entry of orders into Globex, the executing Clearing Member Firm must be provided the pre-determined allocation scheme to be used for the resulting trade executions.
3. Each customer or participant must consent to having their orders subjected to the pre-determined allocation scheme.
4. The executing Clearing Member Firm must maintain records of all Pre-Determined Allocation Scheme Suspense Accounts and their pre-determined allocation schemes for a minimum of five years.

Bunched RFC Order Suspense Accounts

In those circumstances where order entry into Globex occurs via the submission of a Request for Cross ("RFC") (an order which contains both the buy and the sell orders) pursuant to the requirements of Exchange Rule 539.C. ("Pre-Execution Communications Regarding Globex Trades"), a broker may bunch multiple market maker orders for the purpose of satisfying the terms of a single customer order and enter the bunched market maker order using a Bunched RFC Order Suspense Account.

The Bunched RFC Order Suspense Account may not be used to represent the customer side of the RFC order. Where a Bunched RFC Order Suspense Account is used on the market maker side of the order, brokers must ensure that the market maker orders are documented in accordance with Rule 536.B.1 with specific market maker account identifiers on the order tickets. Brokers must obtain a Bunched RFC Orders Suspense Account, unique to the individual broker placing the bunched RFC orders from their Clearing Member Firm and may use that suspense account solely for purposes of entering the bunched market maker orders on one side of an RFC. Allocations to end-clients are required to be completed in the CME clearing system before the end of the clearing session for that trade date.

Execution Operation Suspense Accounts

For operations that provide order execution services for customers ("Execution Operations"), orders must generally be entered into Globex using a customer-specific account number or short code on each order entry at the time of entry into Globex. Where the order is entered immediately upon receipt and the order entry includes the customer-specific account number or short code, the Execution Operation has met its order documentation requirements as defined below and as set forth in Rule 536.B.

Orders received by an Execution Operation from an EAM with discretion over the customer account(s) represented by the order must be entered into Globex using a suspense account specifically identifying or mapping to the EAM responsible for the order or using the customer-specific account number or short code.

Recognizing that on occasion a customer-specific or EAM-specific account may not be available at the time an order is entered into Globex, *de minimis* usage of an Execution Operation Suspense Account will be permitted, provided the following requirements are met.

1. If a general suspense account is used rather than a customer-specific or EAM-specific account, the Execution Operation must create, prior to order entry, a written or electronic record of the order in accordance with Rule 536.B.1. The order must reflect the time of receipt of the order and a customer-specific or EAM-specific account designation.
2. The general suspense account must be unique to the desk or group of the Execution Operation submitting the order into Globex.

Market Regulation will conduct examinations of the usage of Execution Operation Suspense Accounts by Exchange Clearing Member Firms, their guaranteed IBs, as well as floor-based member-owned Globex Execution Operations. The examination will include a recordkeeping review to verify written or electronic records of the order are created and maintained in accordance with Rule 536.B.1.

The examination will also include a review to determine whether the Execution Operation Suspense Accounts were used on more than a *de minimis* basis. In considering whether usage was more than *de minimis*, Market Regulation will consider a variety of factors, including whether the orders and or trades were for new accounts where account information may not have been available to the Globex terminal operator.

Limitations Applicable to All Suspense Accounts

Except for a Commodity Trading Advisor (“CTA”) who has permission of its customer(s), no other person or entity is allowed to enter customer orders into a suspense account that is also used for personal or proprietary orders of the party entering the order (i.e. where the resulting trades will be given-up or allocated to an account in which the party entering the order has an ownership or financial interest).

For instances where the resulting trades will be given-up from the executing firm to a carrying Clearing Member Firm, the executing firm must be a party to a written agreement with the carrying Clearing Member Firm pursuant to CFTC Regulation 1.73, where applicable.

Exchange Clearing Member Firm Requirements Concerning Suspense Account Records

Exchange Clearing Member Firms are reminded of the requirement to provide, upon request from Market Regulation, records of all suspense accounts used at the firm.

The records must include the account number, the name of the party it represents, the name of the entity using it for submitting orders, the type of suspense account, and where applicable, any pre-determined allocation scheme associated with the suspense account. Additionally, if a short code is used at order entry for a customer, the Exchange Clearing Member Firm must maintain a record of the account number(s) to which the short code maps. Exchange Clearing Member Firms should maintain procedures related to the assignment, collection and preservation of records and documentation, and monitoring the use of suspense accounts. Exchange Clearing Member Firms must be able to produce these records in a standard format upon request of Market Regulation.

Text of CME and CBOT Rule 536.B. and Rule 536.C.

536.B. Globex Order Entry

1. General Requirement

Each Globex terminal operator entering orders into Globex shall accurately input for each Application Message all fields required to be populated by the CME iLink® Message Specifications set forth in the CME Group Client Systems Wiki in effect at the time, including, but not limited to the: operator's user ID (Tag 50 ID); price; quantity; product; expiration month; CTI code; automated or manual indicator (Tag 1028); and account number (except as provided in Section C), and, for options, put or call and strike price. The Globex terminal operator's user ID must be present on each Application Message, including order messages, submitted to Globex. For a Globex terminal operator with access pursuant to Rule 574, the clearing member that guarantees such access to Globex will be responsible for the Globex terminal operator's compliance with this rule with respect to the following fields: operator's user ID, CTI code, automated or manual indicator and account number. Notwithstanding, and in accordance with Rule 574, a clearing member must take appropriate action if it has actual or constructive knowledge that a Globex Terminal operator has failed to accurately input for each Application Message fields required to be populated by this rule.

With respect to orders received by a Globex terminal operator which are capable of being immediately entered into Globex, no record other than that set forth above need be made. However, if a Globex terminal operator receives an order which cannot be immediately entered into Globex, the Globex terminal operator must prepare a written order and include the account designation, date, time of receipt and other information required pursuant to section A.1. above. The order must be entered into Globex when it becomes executable.

2. Electronic Audit Trail Requirements for Electronic Order Routing/Front-End Systems

Entities certified by the Exchange to connect an order routing/front-end system to the Globex platform through the CME iLink® gateway are responsible for creating an audit trail of each message entered into Globex. Clearing members guaranteeing a connection to Globex are responsible for maintaining or causing to be maintained the electronic audit trail for such systems. This electronic audit trail must be maintained for a minimum of 5 years, and clearing members must have the ability to produce this data in a standard format upon request of Market Regulation.

Each such electronic audit trail must be complete and accurate and account for every electronic communication such system sends to or receives from Globex.

This electronic audit trail must contain all order entry, order modification, and Globex response receipt times to the highest level of precision achievable by the operating system, but at least to the millisecond. The times captured must not be able to be modified by the person entering the order. The data must also contain all Fix Tag information and fields which should include, but is not limited to the following:

a record of all fields relating to order entry, including transaction date, product, Exchange code, expiration month, quantity, order type, order qualifier, price, buy/sell indicator, stop/trigger price, order number, unique transaction number, account number, session ID, Tag 50 ID, automated or manual indicator (Tag 1028), self-match prevention ID (Tag 7928) where applicable, host order number, trader order number, clearing member, type of action, action status code, customer type indicator, origin, and timestamps. For executed orders the audit trail must record the execution time of the trade along with all fill information.

In the case where the guaranteeing Clearing Firm has a direct connect client that is another Clearing Firm or an Equity Member Firm, the Clearing Firm may notify the client Clearing Firm or Equity Member Firm that it is their obligation to maintain the electronic audit trail. Upon execution of this written notice, it shall be the duty of the client Clearing Firm or Equity Member Firm to maintain an electronic audit trail pursuant to this rule. Nothing herein relieves any of the above-referenced firms from compliance with the applicable recordkeeping provisions of CFTC Regulations, including Regulation 1.31 or 1.35.

536.C. Bunched Orders and Orders Eligible for Post Execution Allocation

Bunched orders must be allocated and recorded in accordance with CFTC Regulation 1.35(b) and the NFA's Interpretive Notice related to Compliance Rule 2-10. A bunched order for pit execution does not require the specific account number to be recorded at the time of order placement or upon the report of execution provided that 1) the order is being placed by an eligible account manager for multiple accounts eligible for post execution allocation or 2) a written, pre-determined allocation scheme has been provided to the futures commission merchant accepting or clearing the order prior to the time the order has been placed. Additionally, at the time of receipt on the trading floor, bunched orders that do not contain specific account numbers must contain a series, group, or suspense account indicator which relates directly to the group of accounts for which the order has been placed. A bunched order may be initially cleared into a suspense account provided that the final account-specific allocations are submitted to the clearing system no later than the end of each trading day.

Bunched orders for non-discretionary accounts may be entered for pit execution; however, only the following order types may be bunched: Market on Open, Market on Close, same priced Limit Orders and same priced Stop Orders. Such non-discretionary orders may only be bunched in the following instances:

- a. Each order underlying the bunched order must be reduced to writing and include the information required pursuant to Section A.1. above;
- b. Allocation of the executions for the bunched orders must be fair and equitable in accordance with the NFA's Interpretive Notice related to Compliance Rule 2-10; and
- c. In circumstances where the order is bunched in a member firm's sales office, the party accepting the order must, contemporaneously with the order placement, transmit the individual account numbers and quantities associated with the bunched order to the clearing member firm. Such transmission shall be maintained by the clearing member firm along with the bunched order.

With respect to bunched Globex orders, such orders may be entered using a series designation or suspense account number provided that 1) the order is being placed by an eligible account manager for multiple accounts eligible for post execution allocation or 2) a written, pre-determined allocation scheme that defines the series has been provided to the futures commission merchant accepting or clearing the order prior to the time that such order is entered. In the latter case, if such information has not been provided to the futures commission merchant prior to the time of order entry, each specific account number must be entered into Globex. Additionally, for all such bunched orders executed on Globex, the final account specific allocations must be submitted to the clearing system no later than the end of each trading day.

Text of NYMEX and COMEX Rule 536.B. and Rule 536.C.

536.B. Globex Order Entry

1. General Requirement

Each Globex terminal operator entering orders into Globex shall accurately input for each Application Message all fields required to be populated by the CME iLink® Message Specifications set forth in the CME Group Client Systems Wiki in effect at the time, including, but not limited to the: operator's user ID (Tag 50 ID); price; quantity; product; expiration month; CTI code; automated or manual indicator (Tag 1028); and account number (except as provided in Section C), and, for options, put or call and strike price. The Globex terminal operator's user ID must be present on each Application Message, including order messages, submitted to Globex. For a Globex terminal operator with access pursuant to Rule 574, the clearing member that guarantees such access to Globex will be responsible for the Globex terminal operator's compliance with this rule with respect to the following fields: operator's user ID, CTI code, automated or manual indicator and account number. Notwithstanding, and in accordance with Rule 574, a clearing member must take appropriate action if it has actual or constructive knowledge that a Globex Terminal operator has failed to accurately input for each Application Message fields required to be populated by this rule.

With respect to orders received by a Globex terminal operator which are capable of being immediately entered into Globex, no record other than that set forth above need be made. However, if a Globex terminal operator receives an order which cannot be immediately entered into Globex, the Globex terminal operator must prepare a written order and include the account designation, date, time of receipt and other information required pursuant to section A.1. above. The order must be entered into Globex when it becomes executable.

2. Electronic Audit Trail Requirements for Electronic Order Routing/Front-End Systems

Entities certified by the Exchange to connect an order routing/front-end system to the Globex platform through the CME iLink® gateway are responsible for creating an audit trail of each message entered into Globex. Clearing members guaranteeing a connection to Globex are responsible for maintaining or causing to be maintained the electronic audit trail for such systems. This electronic audit trail must be maintained for a minimum of 5 years, and clearing members must have the ability to produce this data in a standard format upon request of Market Regulation.

Each such electronic audit trail must be complete and accurate and account for every electronic communication such system sends to or receives from Globex.

This electronic audit trail must contain all order entry, order modification, and Globex response receipt times to the highest level of precision achievable by the operating system, but at least to the millisecond. The times captured must not be able to be modified by the person entering the order. The data must also contain all Fix Tag information and fields which should include, but is not limited to the following:

a record of all fields relating to order entry, including transaction date, product, Exchange code, expiration month, quantity, order type, order qualifier, price, buy/sell indicator, stop/trigger price, order number, unique transaction number, account number, session ID, Tag 50 ID, automated or manual indicator (Tag 1028), self-match prevention

ID (Tag 7928) where applicable, host order number, trader order number, clearing member, type of action, action status code, customer type indicator, origin, and timestamps. For executed orders the audit trail must record the execution time of the trade along with all fill information.

In the case where the guaranteeing Clearing Firm has a direct connect client that is another Clearing Firm or an Equity Member Firm, the Clearing Firm may notify the client Clearing Firm or Equity Member Firm that it is their obligation to maintain the electronic audit trail. Upon execution of this written notice, it shall be the duty of the client Clearing Firm or Equity Member Firm to maintain an electronic audit trail pursuant to this rule. Nothing herein relieves any of the above-referenced firms from compliance with the applicable recordkeeping provisions of CFTC Regulations, including Regulation 1.31 or 1.35.

536.C. Bunched Orders and Orders Eligible for Post Execution Allocation

Bunched orders must be allocated and recorded in accordance with CFTC Regulation 1.35(b) and the NFA's Interpretive Notice related to Compliance Rule 2-10.

With respect to bunched Globex orders, such orders may be entered using a series designation or suspense account number provided that 1) the order is being placed by an eligible account manager for multiple accounts eligible for post execution allocation or 2) a written, pre-determined allocation scheme that defines the series has been provided to the futures commission merchant accepting or clearing the order prior to the time that such order is entered. In the latter case, if such information has not been provided to the futures commission merchant prior to the time of order entry, each specific account number must be entered into Globex. Additionally, for all such bunched orders executed on Globex, the final account specific allocations must be submitted to the clearing system no later than the end of each trading day.

Frequently Asked Questions (FAQ)

Documentation of Customer Orders and Submission of Suspense Accounts on CME Globex

1. **What is a suspense account?**

A suspense account is a generic account used at the time of order entry into Globex to temporarily hold a trade execution that is subsequently allocated to a customer specific account. Only the following five types of suspense accounts are permitted by Market Regulation:

- EAM-Specific Suspense Accounts
- Bunched DRT Suspense Accounts
- Pre-Determined Allocation Scheme Suspense Accounts
- Bunched RFC Order Suspense Accounts
- Execution Operation Suspense Accounts

In all other circumstances, a customer-specific account number must be used at the time of order entry into Globex.

2. **What is a short code?**

A short code is a customer-specific identifier used at order entry in lieu of the actual customer account number. A customer-specific short code is not considered a suspense account. If a unique customer-specific short code is used at order entry and the order is entered into Globex immediately upon receipt from the customer, the executing entity has met its order documentation requirements. If the order is not immediately entered upon receipt, a timestamped order ticket must be generated and maintained pursuant to Rule 536.B.1.

3. **Who qualifies as an Eligible Account Manager (“EAM”) for purposes of using an EAM-Specific Suspense Account?**

Those individuals and entities qualifying as an Eligible Account Manager (“EAM”) pursuant to CFTC Regulation 1.35.

4. **What type of information must be maintained with respect to the use of suspense accounts?**

Exchange Clearing Member Firms should be able to produce records for any order entry into Globex using a suspense account for up to five years, with records for the most recent four months of activity readily available. Firms must have the ability to produce the following records in a standard format upon request from Market Regulation:

- Type of suspense account
- Suspense account number
- Name/description of executing party authorized to use the suspense account:
 - Associated National Futures Association (“NFA”) ID and/or US Securities and Exchange Commission (“SEC”) #, if any
 - EAM Type, if any
- Name/description of party represented by the suspense account
 - Associated NFA ID and/or SEC #, if any; and
 - EAM Type, if any
- Where applicable, any pre-determined allocation scheme associated with the suspense account.

Market Regulation will conduct examinations of Exchange Clearing Member Firms and their guaranteed introducing brokers for their compliance with this rule.

5. What are the recordkeeping requirements for Execution Operation Suspense Account usage?

For orders entered into Globex using an Execution Operation Suspense Account, a written or electronic record must be created or captured prior to order entry. Documentation of such orders may include any of the following records: written order tickets, instant messages, recorded phone calls, or emails.

It is important to note that such records must contain the time the order was received as well as an account identifier which represents the customer that originated the order. Upon examination, it should be clear to Market Regulation when the order was received and who originated the order.

6. How should a DRT order be documented by a party using a Bunched DRT Suspense Account?

Each underlying order of a bunched DRT order must have a designation of "DRT." Parties may write "DRT" on an order ticket, communicate the order is "DRT" on electronic communications including an email or instant message, or verbally confirm "DRT" on a recorded phone line.

7. What is a Letter of Direction ("LOD"), and may a firm use a suspense account for the entry of multiple orders executed pursuant to LODs?

A LOD is typically an authorization from a customer granting limited power of attorney and discretion to a broker or futures commission merchant ("FCM") to enter orders in accordance with signals and/or recommendations generated by a trading system developed by the customer or licensed or purchased from a third party by the customer. To the extent the person or entity entering the orders generated by such system(s) is an EAM, an EAM-Specific Suspense Account may be used at order entry, including instances where the EAM bunches orders on behalf of multiple customers. If the person or entity entering the orders generated by such system(s) is not an EAM and intends to bunch orders from multiple customers, all requirements for Bunched DRT Orders must be satisfied.

8. What is a Pre-Determined Allocation Scheme?

A Pre-Determined Allocation Scheme is a detailed description of how order executions should be allocated to underlying customer accounts. The scheme should contain the identity or account number of each underlying customer, the quantity to be allocated, and the method of allocation in the event of a partial fill. Executing Clearing Member Firms must be provided with such details prior to entering orders into a Pre-Determined Allocation Scheme Suspense Account, and the allocations should not deviate from the scheme without the executing Clearing Member Firm being notified of the changes to the scheme prior to the time the orders are entered into Globex.

9. May an execution operation use an Execution Operation Suspense Account when entering orders into Globex where the customer is an EAM?

Generally, the firm must use a customer-specific account number or an account number that represents the EAM utilizing the services of the execution operation. Recognizing that on occasion a customer-specific or EAM-specific account number may not be available at the time an order is entered into Globex, an Execution Operation Suspense Account may be used on a de minimis basis for entry of such orders into Globex.

10. At what entity level is the usage of Execution Operation Suspense Accounts measured in order to ensure it remains de minimis?

The usage of Execution Operation Suspense Accounts will be measured at the executing level. The executing level may be the NFA registered entity utilizing the suspense account or individual members utilizing the suspense account while acting as an execution operation. Affiliates of Exchange Clearing Member Firms registered under separate NFA IDs will be measured separately.

11. May orders for the personal trading accounts of an employee of an execution operation be entered using an Execution Operation Suspense Account?

No. The employees or agents of an execution operation may not enter orders for their own trading accounts or the trading accounts of any other execution operation employee or agent into Globex using an Execution Operation Suspense Account.

12. What types of violations regarding the use of suspense accounts will Market Regulation seek to identify?

Market Regulation's review of suspense accounts usage will be focused on, but not limited to, identifying the following types of violations:

- **All Suspense Accounts**
 - Failure to maintain or adhere to firm procedures
 - Failure to maintain records of suspense accounts used by the firm
 - Failure to identify a suspense account
 - Violation of personal trading restrictions
- **Bunched DRT Suspense Accounts**
 - Improper Use:
 - Bunching customer orders without customer consent
 - Executing non-bunched orders
 - Missing required documentation
 - Inaccurate Documentation:
 - Missing time of receipt indication
 - Time of receipt indication after order entry
 - Missing or invalid customer-specific account designation
 - Missing "DRT" designation
 - Failure to provide the executing Clearing Member Firm, prior to the entry of a bunched order into Globex, the methodology to be used to allocate the trade executions to the customers participating in the bunched order.
 - Failure to average price the order(s) prior to the allocation to underlying customer accounts.
- **Pre-Determined Allocation Scheme Suspense Accounts**
 - Improper Use:
 - Used for multiple schemes or orders that are not a part of the scheme
 - Subjecting customer orders to a pre-determined allocation scheme without consent.
 - Failure to provide the executing firm, prior to order entry, with the pre-determined allocation scheme.
 - Failure to maintain records of schemes for a minimum of 5 years.

- **Bunched RFC Order Suspense Accounts**
 - Improper Use:
 - Used to represent the customer side of an RFC order.
 - Used for non-RFC orders
 - Missing required documentation
 - Inaccurate Documentation:
 - Missing time of receipt indication
 - Time of receipt indication after order entry
 - Missing or invalid customer-specific account designation
 - Missing or invalid market maker identifiers

- **Execution Operation Suspense Accounts**
 - Improper Use:
 - Exceeding *de minimis* usage
 - Violating personal trading restrictions
 - Missing required supporting documentation
 - Inaccurate documentation
 - Missing time of receipt indication
 - Time of receipt indication after order entry
 - Missing or invalid customer-specific account designation

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

Terrence Quinn, Manager, Data Investigations, 312.435.3753

Laetizia Moreau, Senior Director, Data Investigations, 312.435.3619

Andrew Carr, Senior Data Investigator, Data Investigations, 312.435.3610

Erin Middleton, Manager, Rules & Regulatory Outreach, 312.341.3286

For media inquiries concerning this Advisory Notice, please contact CME Group Corporate Communications at 312.930.3434.

EXHIBIT C

MARKET REGULATION ADVISORY NOTICE

Exchange	CME, CBOT, NYMEX, COMEX
Subject	Order Routing/Front-End Audit Trail Requirements
Rule References	Rule 536.B.
Advisory Date	December 17, 2019
Advisory Number	CME Group RA1913-5
Effective Date	January 2, 2020

Effective on trade date Thursday, January 2, 2020, and pending all relevant CFTC regulatory review periods, this Market Regulation Advisory Notice will supersede CME Group Market Regulation Advisory Notice RA1520-5 from December 14, 2015. It is being issued based on amendments to Rule 536.B.2. (“Electronic Audit Trail Requirements for Electronic Order Routing/Front-End Systems”).¹

No other information in this Advisory Notice has been changed.

CME, CBOT, NYMEX and COMEX Rule 536.B.2. (“Globex Order Entry – Electronic Audit Trail Requirements for Electronic Order Routing/Front-End Systems”) requires that the electronic audit trail associated with any system that accesses the CME Globex platform through the CME iLink® gateway 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 CME Globex. Further, the Rule requires that CMFs guaranteeing a connection to CME Globex are responsible for maintaining, or causing to be maintained, the electronic audit trail for a minimum of 5 years.

Firms responsible for the order routing/front-end audit trail of a trading system that accesses CME Globex through the CME iLink® gateway must have the ability to display data in the required format. Exchange Drop Copy messages or files do not meet the requirements of Rule 536.B.2., as Drop Copy only reflects an Exchange-level audit trail and will not include information internal to the firm’s system. 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 Exchanges have updated the [CME Group Client Systems Wiki](#) with the new data definitions, required format, and validation rules applied through the certification process of the minimum acceptable audit trail elements that such systems must capture.

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

CMFs guaranteeing a connection to Globex are responsible for maintaining or causing to be maintained the order routing/front-end system audit trail for all electronic orders (except in the circumstance below where the CMF’s client is another CMF or an Equity Member Firm), including order entry, modification,

¹ Please see Special Executive Report S-8477 from December 17, 2019, for information on the amendments.

cancellation, and responses to such messages (referred to as the “electronic audit trail”), entered into the Globex platform through the CME iLink® gateway. While CMFs are responsible for this audit trail, many firms outsource the preservation of the audit trail to a vendor, or require that their directly connected clients bear the cost of maintaining this data.

In the case where the Guaranteeing CMF has a direct connect client that is another CMF or an Equity Member Firm, the Guaranteeing CMF may notify the client CMF or Equity Member Firm that it is their obligation to maintain the audit trail. Upon execution of a written notice, it shall be the duty of the client CMF or Equity Member Firm to maintain an electronic audit trail pursuant to this rule.

When a new connection is made to CME Globex, connecting entities must provide a sample audit trail report from the test/certification environment before the system accesses the live environment. Shortly after the new system is deployed in the live environment, the connecting entity or the clearing firm 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 connecting entity’s audit trail meets the minimum data requirements, and that it can 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.

The text of CME, CBOT, NYMEX and COMEX Rule 536.B. appears below.

536.B. Globex Order Entry

1. General Requirement

Each Globex terminal operator entering orders into Globex shall accurately input for each [Application Message](#) all fields required to be populated by the CME iLink® Message Specifications set forth in the [CME Group Client Systems Wiki](#) in effect at the time, including, but not limited to the: operator’s user ID (Tag 50 ID); price; quantity; product; expiration month; CTI code; automated or manual indicator (Tag 1028); and account number (except as provided in Section C), and, for options, put or call and strike price. The Globex terminal operator’s user ID must be present on each Application Message, including order messages, submitted to Globex. For a Globex terminal operator with access pursuant to Rule 574, the clearing member that guarantees such access to Globex will be responsible for the Globex terminal operator’s compliance with this rule with respect to the following fields: operator’s user ID, CTI code, automated or manual indicator and account number. Notwithstanding, and in accordance with Rule 574, a clearing member must take appropriate action if it has actual or constructive knowledge that a non-member operator has failed to accurately input for each Application Message fields required to be populated by this rule.

With respect to orders received by a Globex terminal operator which are capable of being immediately entered into Globex, no record other than that set forth above need be made. However, if a Globex terminal operator receives an order which cannot be immediately entered into Globex, the Globex terminal operator must prepare a written order and include the account designation, date, time of receipt and other information required pursuant to section A.1. above. The order must be entered into Globex when it becomes executable.

2. Electronic Audit Trail Requirements for Electronic Order Routing/Front-End Systems

Entities certified by the Exchange to connect an order routing/front-end system to the Globex platform through the CME iLink® gateway are responsible for creating an audit trail of each message entered into Globex. Clearing members guaranteeing a connection to Globex are responsible for maintaining or causing to be maintained the electronic audit trail for such systems. This electronic audit trail must be maintained for a minimum of 5 years, and clearing members must have the ability to produce this data in a standard format upon request of Market Regulation.

Each such electronic audit trail must be complete and accurate and account for every electronic communication such system sends to or receives from Globex.

This electronic audit trail must contain all order entry, order modification, and Globex response receipt times to the highest level of precision achievable by the operating system, but at least to the millisecond. The times captured must not be able to be modified by the person entering the order. The data must also contain all Fix Tag information and fields which should include, but is not limited to the following:

a record of all fields relating to order entry, including transaction date, product, Exchange code, expiration month, quantity, order type, order qualifier, price, buy/sell indicator, stop/trigger price, order number, unique transaction number, account number, session ID, Tag 50 ID, automated or manual indicator (Tag 1028), self-match prevention ID (Tag 7928) where applicable, host order number, trader order number, clearing member, type of action, action

status code, customer type indicator, origin, and timestamps. For executed orders the audit trail must record the execution time of the trade along with all fill information.

In the case where the guaranteeing Clearing Firm has a direct connect client that is another Clearing Firm or an Equity Member Firm, the Clearing Firm may notify the client Clearing Firm or Equity Member Firm that it is their obligation to maintain the electronic audit trail. Upon execution of this written notice, it shall be the duty of the client Clearing Firm or Equity Member Firm to maintain an electronic audit trail pursuant to this rule. Nothing herein relieves any of the above-referenced firms from compliance with the applicable recordkeeping provisions of CFTC Regulations, including Regulation 1.31 or 1.35.

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

Maricela George, Senior Data Investigator, 312.435.3614

Terry Quinn, Manager, 312.435.3753

Laetizia Moreau, Senior Director, 312.435.3619

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

EXHIBIT D

MARKET REGULATION ADVISORY NOTICE

Exchange	CME, CBOT, NYMEX & COMEX
Subject	Manual/Automated Trading Indicator (FIX Tag 1028)
Rule References	Rule 536.B.
Advisory Date	December 17, 2019
Advisory Number	CME Group RA1914-5
Effective Date	January 2, 2020

Effective on trade date Thursday, January 2, 2020, and pending all relevant CFTC regulatory review periods, this Market Regulation Advisory Notice will supersede CME Group Market Regulation Advisory Notice RA1210-5 from September 20, 2012. It is being issued based on amendments to Rule 536.B.2. (“Electronic Audit Trail Requirements for Electronic Order Routing/Front-End Systems”).¹

536.B. Globex Order Entry

1. General Requirement

Each Globex terminal operator entering orders into Globex shall accurately input for each [Application Message](#) all fields required to be populated by the CME iLink® Message Specifications set forth in the [CME Group Client Systems Wiki](#) in effect at the time, including, but not limited to the: operator’s user ID (Tag 50 ID); price; quantity; product; expiration month; CTI code; automated or manual indicator (Tag 1028); and account number (except as provided in Section C), and, for options, put or call and strike price. The Globex terminal operator’s user ID must be present on each Application Message, including order messages, submitted to Globex. For a Globex terminal operator with access pursuant to Rule 574, t h e clearing member that guarantees such access to Globex will be responsible for the Globex terminal operator’s compliance with this rule with respect to the following fields: operator’s user ID, CTI code, automated or manual indicator and account number. Notwithstanding, and in accordance with Rule 574, a clearing member must take appropriate action if it has actual or constructive knowledge that a non-member operator has failed to accurately input for each Application Message fields required to be populated by this rule.

With respect to orders received by a Globex terminal operator which are capable of being immediately entered into Globex, no record other than that set forth above need be made. However, if a Globex terminal operator receives an order which cannot be immediately entered into Globex, the Globex terminal operator must prepare a written order and include the account designation, date, time of receipt and other information required pursuant to section A.1. above. The order must be entered into Globex when it becomes executable.

2. Electronic Audit Trail Requirements for Electronic Order Routing/Front-End Systems

Entities certified by the Exchange to connect an order routing/front-end system to the Globex platform through the CME iLink® gateway are responsible for creating an audit trail of each message entered into

¹ Please see Special Executive Report S-8477 from December 17, 2019, for information on the amendments.

Globex. Clearing members guaranteeing a connection to Globex are responsible for maintaining or causing to be maintained the electronic audit trail for such systems. This electronic audit trail must be maintained for a minimum of 5 years, and clearing members must have the ability to produce this data in a standard format upon request of Market Regulation.

Each such electronic audit trail must be complete and accurate and account for every electronic communication such system sends to or receives from Globex.

This electronic audit trail must contain all order entry, order modification, and Globex response receipt times to the highest level of precision achievable by the operating system, but at least to the millisecond. The times captured must not be able to be modified by the person entering the order. The data must also contain all Fix Tag information and fields which should include, but is not limited to the following:

a record of all fields relating to order entry, including transaction date, product, Exchange code, expiration month, quantity, order type, order qualifier, price, buy/sell indicator, stop/trigger price, order number, unique transaction number, account number, session ID, Tag 50 ID, automated or manual indicator (Tag 1028), self-match prevention ID (Tag 7928) where applicable, host order number, trader order number, clearing member, type of action, action status code, customer type indicator, origin, and timestamps. For executed orders the audit trail must record the execution time of the trade along with all fill information.

In the case where the guaranteeing Clearing Firm has a direct connect client that is another Clearing Firm or an Equity Member Firm, the Clearing Firm may notify the client Clearing Firm or Equity Member Firm that it is their obligation to maintain the electronic audit trail. Upon execution of this written notice, it shall be the duty of the client Clearing Firm or Equity Member Firm to maintain an electronic audit trail pursuant to this rule. Nothing herein relieves any of the above-referenced firms from compliance with the applicable recordkeeping provisions of CFTC Regulations, including Regulation 1.31 or 1.35.

FAQ Related to FIX Tag 1028 (Automated or Manual Indicator)

1. What is Tag 1028?

Tag 1028 is a data field that is required on all order submissions to CME Globex to indicate whether a particular order is being submitted by manual or automated means. This has been a required data element on CME iLink interface order submissions since June 2011 and is now being added as a regulatory requirement.

2. What specific values must be submitted in Tag 1028?

Manual orders must be submitted with the value "Y" and automated orders must be submitted with the value "N." No other values may be submitted in Tag 1028.

3. What is the definition of automated order entry?

Automated order entry refers to orders that are generated and/or routed without human intervention. This includes any order generated by a computer system as well as orders that are routed using functionality that manages order submission through automated means (i.e. execution algorithm).

4. What is the definition of manual order entry?

Manual order entry refers to orders that are submitted to CME Globex by an individual directly entering the order into a front-end system, typically via keyboard, mouse or touch screen, and which is routed in its entirety to the match engine at the time of submission.

5. May an Automated Trading System (“ATS”) team Tag 50 send in both manual and automated orders?

No, ATS teams may send in only automated orders. All manually-entered orders must identify the Tag 50 of the specific person who entered the order.

6. If an individual who is trading manually also uses automated spreading functionality that automates the entry of some orders, should the orders be designated as manual or automated?

The manually entered orders must be properly identified with the value “Y” in Tag 1028. The orders generated by automated means, including via automated spreading functionality, must be properly identified with the value “N” in Tag 1028.

7. If a person manually enters an order into his front-end system which employs functionality that manages the submission of the order(s) to the CME Globex match engine, should the order(s) be designated as manual or automated?

The orders should be designated as automated with a value of “N” in Tag 1028 because the execution algorithm is generating the entry of the orders to the CME Globex match engine.

8. Does the front-end audit trail of the system used to enter orders into CME Globex need to record the Tag 1028 values submitted for each order?

Yes. The information in Tag 1028 is required to be captured and accurately recorded in the front-end audit trail.

9. What is a clearing firm’s responsibility with regard to Tag 1028?

Clearing firms are expected to ensure that they communicate this requirement to their customer authorized users, and to verify with the client that the tag is being correctly populated.

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

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Terrence Quinn, Manager, Data Investigations, at 312.435.3753

Betsy Schneider, Manager, Data Investigations, at 312.341.3343

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