



## Application for Electronic Corporate Membership

Electronic Corporate Membership under CME Rule 106.R. may be obtained under (check one):

- Electronic Corporate Membership – Holding Member (“ECM-H”)
  - CME Division
  - IMM Division
  - IOM Division

An ECM-H is an Electronic Corporate Member holding the required membership(s) of either owning one membership or leasing two memberships in the division in which they wish to receive discounted rates. ECM-Hs will generally pay lower fees than Electronic Corporate Members that do not hold membership(s) and satisfy minimum quarterly volume requirements.

- Electronic Corporate Membership – Volume Incentive Program (“ECM-W”)

An ECM-W is an Electronic Corporate Member that does not hold the required membership(s) under the volume incentive program membership waiver. ECM-Ws must satisfy minimum quarterly volume requirements of 50 contract sides a day in the previous quarter and are re-evaluated on a calendar quarter basis.

1. Organization’s Full Legal Name \_\_\_\_\_

2. Type of Organization (check one)

- \_\_\_\_\_ Corporation organized under the laws of \_\_\_\_\_
  - \_\_\_\_\_ C Corporation
  - \_\_\_\_\_ Subchapter S Corporation
  - (check one)
- \_\_\_\_\_ Limited Liability Company organized under the laws of \_\_\_\_\_
- \_\_\_\_\_ Limited Partnership organized under the laws of \_\_\_\_\_
- \_\_\_\_\_ General Partnership organized under the laws of \_\_\_\_\_
- \_\_\_\_\_ Other (please specify) \_\_\_\_\_

3. Date Established \_\_\_\_\_

4. Tax Identification Number \_\_\_\_\_

5. Business Address \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Phone Number \_\_\_\_\_ Web Site Address \_\_\_\_\_

## Electronic Corporate Membership Application

6. Indicate the name(s) and title(s) of individuals authorized to act on behalf of Applicant regarding this application and membership matters.

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Phone Number \_\_\_\_\_ Email Address \_\_\_\_\_

Fax Number \_\_\_\_\_

7. Please respond to the following:

Question	Yes	No
A. Has your organization or its principals ever been denied registration, or had a registration suspended, revoked, or conditioned by a governmental or regulatory authority?	[ ]	[ ]
B. Has your organization or its principals ever been denied membership or clearing privileges by any commodity or securities exchange/clearing organization?	[ ]	[ ]
C. Has any commodity exchange, securities exchange, clearing organization or other self-regulatory body ever fined, suspended, conditioned, or revoked privileges of your organization or its principals?	[ ]	[ ]
D. Has your organization or its principals ever been convicted, pled guilty, entered a plea of "no contest" or entered into a voluntary settlement as to any violation of any criminal or penal code?	[ ]	[ ]
E. Is your organization or its principals subject to any investigation or have any charges been brought by any governmental or regulatory authority or exchange/clearing organization for violation of its laws or rules?	[ ]	[ ]
F. Does your organization or its principals currently have any judgments, liens, attachments, or other encumbrances filed against it?	[ ]	[ ]

If your response is "Yes" to any of the above, please describe below and provide supporting documentation.

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- 8. Does your organization engage in futures and options customer business? If yes, describe the nature of the customer business (e.g. foreign or U.S. customers and type of trading activity), who clears this business and whether it is cleared on an omnibus or fully disclosed basis.

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- 9. Is your organization registered in any capacity with a regulatory agency? If so, indicate the nature and country of the registration(s), your primary regulator(s), the regulator's Web Site(s), and the name, title, address, telephone number and e-mail address of a contact at your primary regulator(s).

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- 10. List all commodity or security exchanges/clearing organizations, domestic and foreign, at which membership privileges are held or pending. Please indicate the type of membership held (e.g. clearing or non-clearing).

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- 11. Describe the nature of your organization's anticipated member firm trading activity. Please indicate the CME products you intend to trade, whether the trading will be speculative or for hedging purposes, and if you will day trade, carry positions overnight, or a combination.

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12. Complete the chart below for your organization's member firm account controllers/traders.

**Member Firm Account Controllers/Traders  
(include all CME related trading activity)**

	Number of Traders	Percent of Trading Volume
Bona-fide W-2 Employees	_____	_____
Owners	_____	_____
Non-CME Exchange Members	_____	_____
Commodity Trading Advisors	_____	_____
Independent Contractors	_____	_____
Other (describe)		
_____	_____	_____
_____	_____	_____

13. Indicate the CME clearing member(s) that will clear your member firm's trades and the trading account number(s).

<b>Clearing Member</b>	<b>Account Number</b>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

## Electronic Corporate Membership Application

14. Please include with this application the following:

- Articles of Incorporation/Secretary of State Filing/Operating Agreement/Partnership Agreement, as applicable.
- Most recent Certified Financial Statement. If a Certified Financial Statement is not available, please submit in its place a financial statement indicating the assets, liabilities, and capital of the company or a recent tax return filing.
- A copy of a recent account statement(s) from a CME clearing member indicating that the member firm account is opened and funded.
- An ownership chart detailing the organization's ownership including percentages of ownership.
- A listing of member firm traders.
- Trader agreements, if applicable.
- An Executed CME Rule 106.R. Electronic Corporate Member - Member Firm Trading Attestation (see attached).
- An Executed Member Firm Designated Spokesperson and Authorized Signor Acknowledgement (see attached).
- A Non-Refundable Application Fee of \$1,750. Please make check payable to CME.

Completed applications along with the supporting documentation and the application fee should be submitted to:

Audit Department  
Chicago Mercantile Exchange Inc.  
7<sup>th</sup> Floor, North Tower  
20 S. Wacker Drive  
Chicago, IL 60606

# Electronic Corporate Membership Application

## Attestation and Authorization

On behalf of my organization, I make this application for Electronic Corporate Membership.

I represent that my organization meets all of the requirements for Electronic Corporate Membership which is applied for and as outlined in the Electronic Corporate Membership Questions & Answers at <http://www.cme.com/files/ECMQ&A.pdf>. I represent that all of the traders who will be trading the account(s) of my organization pursuant to an Electronic Corporate Membership are full-time professional traders.

I further acknowledge and agree to abide by the requirements for such corporate membership including the requirements regarding Member Firm Trading Activity of Electronic Corporate Members and to abide by CME's Audit Information Bulletins at <http://www.cme.com/clearing/audit/adv/> regarding Member Firm Trading Policies. I also agree to comply with all of the rules of Chicago Mercantile Exchange Inc. I further represent that all current and future member firm trading activity of my organization will conform to the requirements for such trading activity established by Chicago Mercantile Exchange Inc.

I authorize Chicago Mercantile Exchange Inc. to obtain information from sources that Chicago Mercantile Exchange Inc. deems appropriate in order to adequately evaluate and process this application.

I attest that the information provided in this application is accurate and complete. I further acknowledge that confirming inaccurate and/or incomplete information may subject me to Exchange disciplinary action and/or penalties.

Signed and accepted by a duly authorized representative of \_\_\_\_\_.  
(Organization)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

## Electronic Corporate Membership Application

### Member Firm Trading Attestation

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#### (CME Rule 106.R. Electric Corporate Member)

The electronic trades of a CME Rule 106.R. Electronic Corporate Member (“Rule 106.R.” or “ECM”) may receive preferential clearing fee rates – less than charged to non-member customers. Only the entity holding the Rule 106.R. membership is entitled to the preferential clearing fees on its member firm trades. The reduced clearing fee benefit does not flow downward to 100% owned subsidiaries or to affiliates of the ECM.

In order for Rule 106.R. members to receive preferential clearing fees on CME trades, all member firm trading must be electronic and conducted in accordance with the Questions & Answers Guide for ECMs which may be found on CME’s Web site at <http://www.cme.com/files/ECMQ&A.pdf> and must be in accordance with CME’s Audit Information Bulletins at <http://www.cme.com/clearing/audit/adv/> for Member Firm Trading Policies.

A member firm trading account is evidenced through:

- The financial benefit and risk shall be solely of the member firm – only firm capital is at risk of loss.
- No non-owner traders may make any contributions or payments to the member firm or member firm trading account nor have any capital at risk in connection with their trading of the member firm account.
- All contributions by owners of the member firm are subject to risk of loss from any and all trading and business activities of the firm.
- All profits and losses of the member firm account are written off to the income of the member firm and are taxed to the member firm in accordance with IRS regulations.
- All trading must be done in member firm trading accounts held in the name of the ECM.

Traders of the ECM may not own, hold, or have owned or held CME, IMM, IOM or GEM trading privileges at CME during the two years immediately preceding his/her registration as a trader for the firm.

Further, Rule 106.R. member trading activity must be conducted by traders including operators/administrators of Automated Trading Systems (“ATS”) that are:

- Bona-fide W-2 employees (or equivalent W-2 of a foreign jurisdiction) of the ECM; or
- Independent contractors and other self-employed individuals whose total compensation (that is, all compensation) is reported on an IRS Form 1099-MISC (“1099-MISC”) (or equivalent document of a foreign jurisdiction) of the ECM; or
- Bona-fide owners of the firm; or
- Registered Commodity Trading Advisors (“CTAs”), exempt CTAs under CFTC Regulations 4.14(a)(4), 4.14(a)(5) or 4.14(a)(8)(i)(D), and Investment Managers authorized by the Financial Services Authority (“FSA”).

All ECM traders must be assigned unique trader IDs, those IDs and the associated ECM trader must be appropriately registered in CME’s Exchange Fee System and all Globex trades (orders) must be identified with the registered ID of the trader executing the trade.

## Electronic Corporate Membership Application

### Member Firm Trading Attestation

In addition, member firm trading must meet the following requirements:

- The profit split on agreements with any trader, including owners acting as traders, may not exceed 80/20 (i.e. 80% to the trader/20% to the firm).
  - For member firm trading conducted by a team of traders, the profit split to the team in total may not exceed 80/20 (i.e. 80% to the trader team/20% to the firm).
  - Further the 80% limit on profit splits to a trader or team of traders includes any individual who has a specific interest in its profitability including those involved in the training/supervision of the account(s) and/or trader(s).
- The firm must be allocated both a portion of the profits and losses of the member firm account.
- Non-owner traders cannot leave their share of profits in the firm for greater than one year without becoming an equity owner.
  - Non-owner trader's share of capital in an account may not exceed the trader's share of net profit/loss in the previous 12 month period.
  - If a trader leaves their share of any profits in the account for greater than one year, they must become an equity owner.
- The firm is prohibited from:
  - Setting minimum account balances for its traders.
  - Charging margin on positions to traders.
  - Charging fees on draws taken by traders.
  - Requiring or accepting security deposits from its traders.
- Traders cannot be responsible for losses beyond their share of profits earned and maintained in the account which have not yet been distributed to the trader.

The Rule 106.R. member may only profit/benefit from the member firm trading activity through the performance of the trade and not from any other source such as a commission or charge for trade execution. Non-compliance with the practices below is generally prohibited as it may be indicative of profiting from sources other than the performance of the member firm trade. As such, while the practices below are not absolutes, any non-compliance of them will be carefully reviewed with the burden of responsibility on the member firm to clearly support and demonstrate to CME's satisfaction the trading as of the member firm itself. **Please check the box next to each practice which you do not comply with regarding your member firm trading:**

- The firm may not charge interest on debit balances to traders nor may it pay interest on credit balances to traders except where an options trading strategy is utilized in which interest on the premium is a key component of the overall profitability of the strategy.
- The firm may not pay interest on holdbacks where holdbacks are permitted.
- The firm may not pay interest on capital contributions.
- The firm may not allocate expenses to trades or traders in excess of actual direct and indirect expenses of the individual member firm trades or traders. Only actual expenses incurred may be allocated – a mark up on expenses is not permitted. Further, opportunity costs may not be allocated. ECMs must maintain and provide adequate supporting calculations and documentation of such allocated expenses and their reasonableness.
- A firm may not charge a fee for capital usage to individual traders of the member firm's accounts.
- A firm may not charge a fee for the cost of capitalizing the firm (and thus the member firm's trading accounts) to individual traders.

**Electronic Corporate Membership Application**

**Member Firm Trading Attestation**

Periodic clearing fee audits will be conducted verifying the trading activity is for the account and sole benefit of the ECM itself and as being conducted by registered traders. Accounts incorrectly charged will be assessed the appropriate fees and, if deemed appropriate, fines and/or disciplinary action will be taken.

I represent that all current and future member firm trading activity of \_\_\_\_\_  
**(CME Rule 106.R. Electric Corporate Member)** receiving preferential clearing fee rates will conform to the requirements for such trading activity established by Chicago Mercantile Exchange Inc.

I attest that the above information is true and correct. I further acknowledge that confirming incorrect information may subject me to Exchange disciplinary action and/or penalties.

Signed and accepted by a duly authorized representative of \_\_\_\_\_  
**(CME Rule 106.R. Electric Corporate Member).**

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



**MEMBER FIRM  
DESIGNATED SPOKESPERSON AND AUTHORIZED SIGNOR ACKNOWLEDGEMENT**

CME requires that member firms designate a representative who shall be authorized to deal with the Exchange with respect to the membership owned or leased by the firm and who shall be authorized to represent the member firm before the Exchange. Such authorized representative shall be responsible to the Exchange as if such person was a member as defined by Rule 400.

Member Firm Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Country \_\_\_\_\_ Zip Code \_\_\_\_\_

Phone Number \_\_\_\_\_ Tax I.D. # \_\_\_\_\_

Email Address\* \_\_\_\_\_

**Name and Signature of Officers Authorized to act on behalf of the firm:**

Name (please print)	Signature	Designated Spokesperson	Authorized Signor
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>

\_\_\_\_\_  
**Officer Name/Title (please print)**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Date**

\*General Correspondence will be sent electronically.