

**SUBMISSION COVER SHEET**

**IMPORTANT:** Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 16-280 (3 of 3)

Organization: New York Mercantile Exchange, Inc. ("NYMEX")

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 07/26/2016 Filing Description: Amendments to CME/CBOT/NYMEX Rule 106. ("Transfers, Security Transactions, and Authorizations to Transfer or Sell")

Please note only ONE choice allowed per Submission.

**Organization Rules and Rule Amendments**

- |                                     |                                     |            |
|-------------------------------------|-------------------------------------|------------|
| <input checked="" type="checkbox"/> | Certification                       | § 40.6(a)  |
| <input type="checkbox"/>            | Approval                            | § 40.5(a)  |
| <input type="checkbox"/>            | Notification                        | § 40.6(d)  |
| <input type="checkbox"/>            | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/>            | SIDCO Emergency Rule Change         | § 40.10(h) |

Rule Numbers: 106.

**New Product**

Please note only ONE product per Submission.

- |                          |                                       |            |
|--------------------------|---------------------------------------|------------|
| <input type="checkbox"/> | Certification                         | § 40.2(a)  |
| <input type="checkbox"/> | Certification Security Futures        | § 41.23(a) |
| <input type="checkbox"/> | Certification Swap Class              | § 40.2(d)  |
| <input type="checkbox"/> | Approval                              | § 40.3(a)  |
| <input type="checkbox"/> | Approval Security Futures             | § 41.23(b) |
| <input type="checkbox"/> | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> | Swap Submission                       | § 39.5     |

**Official Product Name:**

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

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

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

Rule Numbers:

July 26, 2016

**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. Notification Regarding Amendments to CME/CBOT/NYMEX Rule 106. (“Transfers, Security Transactions, and Authorizations to Transfer or Sell”).  
NYMEX Submission No. 16-280 (3 of 3)**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. (“CME”), The Board of Trade of the City of Chicago, Inc. (“CBOT”), and New York Mercantile Exchange, Inc. (“NYMEX”) (collectively, the “Exchanges”) hereby notify the Commodity Futures Trading Commission (“CFTC” or “Commission”) that they are self-certifying amendments to CME/CBOT/NYMEX Rule 106. (“Transfers, Security Transactions, and Authorizations to Transfer or Sell”). This submission shall be effective on August 10, 2016. The Exchanges will implement these amendments on August 11, 2016.

There are various categories of membership in CME, CBOT, and NYMEX in which an eligibility requirement for membership is holding a certain number of CME Group Class A shares. Specifically, this includes membership as defined in CME Rules 106.I. and 106.J.; CBOT Rules 106.I., 106.J., and 106.S.; and NYMEX Rule 106.J.. The amendments to Rule 106. introduce an optional Equity Member Subscription Rate which gives any member whose trading or fee privileges depend on holding a certain number of CME Group Class A shares the right, but not the obligation, to pay a monthly subscription fee per member, by Exchange, in lieu of meeting the requirement to hold CME Group Class A shares. Please note that there is no eligibility requirement of holding CME Group Class A shares for any Commodity Exchange, Inc. (“COMEX”) category of membership.

The Exchanges reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the amendments to Rule 106. may have some bearing on the following Core Principle:

Availability of General Information: As required by this Core Principle, the Exchanges are publicly issuing a Fee Policy Bulletin to ensure that market participants have updated guidance and information attendant to the amendments. The Fee Policy Bulletin will also be available on the CME Group website at <http://www.cmegroup.com/company/membership/files/fee-policy-bulletin.pdf>.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchanges hereby certify that the amendments to Rule 106. 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, please e-mail [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com) or contact the undersigned at 212-299-2200.

Sincerely,

/s/Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A – Amendments to CME/CBOT/NYMEX Rule 106. (blackline format)

# **Exhibit A**

## **CME/CBOT/NYMEX RULEBOOKS**

### **Chapter 1 Membership**

#### **Rule 106 Transfers, Security Transactions, and Authorizations to Transfer or Sell**

(additions underlined; deletions ~~overstruck~~)

### **CME RULEBOOK**

#### **106. TRANSFERS, SECURITY TRANSACTIONS, AND AUTHORIZATIONS TO TRANSFER OR SELL**

**[Sections A. through H. are unchanged]**

##### **106.I. Affiliate Member Firm**

An "affiliate" shall be defined to include a firm that either: owns, directly or indirectly, 100% of a clearing member with shares or Rule 106.J. equity member firm or has 100% ownership, direct or indirect, in common with a firm that owns, directly or indirectly, 100% of a clearing member with shares or Rule 106.J. equity member firm. "Clearing members with shares" means ~~are these~~ clearing members that maintain CME Group Class A shares in accordance with CME Rule 106.J. Equity Member Firm requirements in order to receive equity member rates ~~and/or clearing members that pay the monthly Equity Member Subscription Rate~~ described in Rule 106.J..

A membership may be owned by a clearing member with shares, or a Rule 106.J. equity member or affiliate firm under this Rule. The membership may be held in the name of the firm or principals or employees of an affiliate and be transferred among its principals and employees provided that: (1) the transfer is approved by Exchange staff; (2) the transferee is approved for membership pursuant to the rules of the Exchange; and (3) the transfer is for the legitimate business purposes of the firm. The affiliate firm shall have the right, at any time, to withdraw the authority of the transferee to trade on the membership owned by the clearing member with shares, Rule 106.J. equity member or affiliate firm, but must withdraw such authority upon termination of his employment or other association with the firm. Notice of the withdrawal of the authority of the transferee to trade on the membership owned by a clearing member with shares, Rule 106.J. equity member or affiliate firm must be given to his qualifying clearing member, and such clearing member must subsequently notify the Exchange pursuant to Rule 511.A. The clearing member with shares, Rule 106.J. equity member or affiliate firm shall designate on a form provided by the Exchange a representative who shall be authorized to deal with the Exchange with respect to the membership held under this Section.

The proceeds of the sale of a membership which is used to qualify a Rule 106.I. affiliate member firm shall be subject to Rule 110 claims against both the owner of the membership and the Rule 106.I. affiliate member firm.

A Rule 106.I. membership may not be transferred pursuant to any other provision of Rule 106. The membership may not be assigned for membership purposes under Rules 106.H., 106.J., 106.R., 106.S. or 902.

Rule 106.I. firm benefits apply to the firm trading activity of any affiliate as defined in this Rule that is registered with the Exchange. All such positions of the firm and its affiliates must be carried by a clearing member(s) in accounts separate from positions of subsidiaries, customers and other entities.

A Rule 106.I. affiliate member firm may not hold itself out to the public as a clearing member.

Exchange staff may grant exemptions from the requirements of this Rule.

#### **106.J. Equity Member Firm**

A firm may qualify as an equity member firm if two CME memberships, two IMM memberships, two IOM memberships, one GEM membership and 20,000 CME Group Class A Shares or, if the equity member firm is a fund, pool or other collective investment vehicle, 30,000 shares, are assigned for the firm's membership privileges. A higher Division membership may be substituted for a lower Division membership to satisfy these requirements:

A CME Rule 106.J. equity member firm (excluding a fund, pool or other collective investment vehicle) shall at all times have assigned to it at least 30,000 CME Group Class A Shares if it is also either: (a) a NYMEX clearing member with shares or NYMEX Rule 106.J. member firm or (b) a CBOT clearing member with shares or CBOT member firm that has a 20,000 share requirement. If the CBOT member firm has an 8,750 share requirement, the combined share requirement will be 28,750.

A CME Rule 106.J. equity member firm that is a fund, pool or other collective investment vehicle shall at all times have assigned to it at least 45,000 CME Group Class A Shares if it is also either: (a) a NYMEX clearing member with shares or NYMEX Rule 106.J. member firm or (b) a CBOT clearing member with shares or CBOT Rule 106.S. equity member firm.

A CME Rule 106.J. equity member firm (excluding a fund, pool or other collective investment vehicle) shall at all times have assigned to it at least 40,000 CME Group Class A Shares if it is also both: (a) a NYMEX clearing member with shares or NYMEX Rule 106.J. member firm and (b) a CBOT clearing member with shares or CBOT member firm that has a 20,000 share requirement. If the CBOT member firm has an 8,750 share requirement, the combined share requirement will be 38,750.

A CME Rule 106.J. equity member firm that is a a fund, pool or other collective investment vehicle shall at all times have assigned to it at least 60,000 CME Group Class A Shares if it is also both: (a) a NYMEX clearing member with shares or NYMEX Rule 106.J. member firm and (b) a CBOT clearing member with shares or CBOT Rule 106.S. equity member firm.

At least one CME, one IMM, one IOM and one GEM membership and 50% of the CME Group Class A Shares required for equity membership pursuant to this Rule must be owned by the equity member or a person, including a parent company, with an acceptable proprietary interest in such equity member, or if the equity member firm is a fund, pool or other collective investment vehicle, the investment manager of the fund, pool or other collective investment vehicle. One CME, one IMM, and one IOM membership and 50% of the CME Group Class A Shares required for equity membership may be independently assigned.

A member firm may pay an Equity Member Subscription Rate as published in the CME fee schedule in lieu of holding CME Group Class A Shares referenced above. The Equity Member Subscription Rate will be applied per member, per month, per Exchange. Member firms choosing to pay the Equity Member Subscription Rate must file an application with the Department. The Exchange will have discretion regarding applying the appropriate rate.

If the fund management company is the equity member firm, it may designate a fund, pool or other collective investment vehicle fund within its family of funds to receive its membership benefits.

The memberships owned by the Rule 106.J. equity member firm or a person, including a parent company, with an acceptable proprietary interest in the equity member or the investment manager of a fund, pool or other collective investment vehicle may be transferred under this Rule provided that: (1) the transfer is approved by Exchange staff; and (2) the transferee is approved pursuant to the rules of the Exchange. The firm shall have the right, at any time, to withdraw the authority of the transferee to trade on a firm-owned membership, but must withdraw such authority upon termination of his employment or other association with the firm. Notice of the withdrawal of the authority of the transferee to trade on a firm-owned membership must be given to his qualifying clearing member who in turn must notify the Exchange pursuant to Rule 511.A. The equity member firm shall designate on a form provided by the Exchange a representative who shall be authorized to deal with the Exchange with respect to the membership transferred under this Section.

The proceeds of the sale of a membership which has been assigned in order to qualify a Rule 106.J. equity member firm shall be subject to Rule 110 claims against both the owner of the membership and the Rule 106.J. equity member firm.

A Rule 106.J. membership may not be transferred pursuant any other provision of Rule 106. The membership may not be assigned for membership purposes under Rule 902.

Rule 106.J. equity member firm benefits apply to the equity member firm's member firm trading and the trading account of any 100% wholly owned subsidiaries of the equity member firm that are registered with the Exchange. The Rule 106.J. equity member firm benefits do not apply to the trading of any affiliates, parent companies or customers of the equity member firm. All such positions of the equity member firm or its 100% wholly owned subsidiaries must be carried by a clearing member(s) in accounts separate from positions of affiliates, subsidiaries, customers and other entities.

Any holder or transferee of a Rule 106.J. membership may not solicit or contact customers from the floor of the Exchange unless the equity member firm is an Introducing Broker or Futures Commission Merchant as those terms are defined in Section 1a of the Commodity Exchange Act and/or 17 C.F.R. 1.3.

A Rule 106.J. equity member firm may not hold itself out to the public as a clearing member.

Exchange staff may grant exemptions from the requirements of this Rule.

**[Remainder of Rule unchanged]**

## CBOT RULEBOOK

### 106. TRANSFERS, SECURITY TRANSACTIONS, AND AUTHORIZATIONS TO TRANSFER OR SELL

[Sections A. through H. are unchanged]

#### 106.I. Affiliate Member Firm

An "affiliate" shall be defined to include a firm that either: owns, directly or indirectly, 100% of a clearing member with shares, Rule 106.J. equity member firm or Rule 106.H. trading member firm or has 100% ownership, direct or indirect, in common with a firm that owns, directly or indirectly, 100% of a clearing member with shares, Rule 106.J. equity member firm or Rule 106.H. trading member firm. "Clearing Members with shares" means ~~are those~~ clearing members that maintain CME Group Class A shares in accordance with CBOT Rule 106.J. Equity Member Firm requirements in order to receive equity member rates and/or clearing members that pay the monthly Equity Member Subscription Rate described in Rule 106.J.

A firm may qualify as a:

- Rule 106.I. affiliate equity member firm if a Series B-1 (Full) membership and 20,000 CME Group Class A Shares or a Series B-2 (Associate) membership and 8,750 CME Group Class A Shares are assigned for the firm's membership privileges. A member firm may pay an Equity Member Subscription Rate as published in the CBOT fee schedule in lieu of holding CME Group Class A Shares. The Equity Member Subscription Rate will be applied per member, per month, per Exchange. Member firms choosing to pay the Equity Member Subscription Rate must file an application with the Department. The Exchange will have discretion regarding applying the appropriate rate; or
- Rule 106.I. affiliate trading member firm if the membership required by the Exchange is assigned for the firm's membership privileges or leased by the Rule 106.I. affiliate trading member firm; or
- Rule 106.I. qualified affiliate of a CBOT clearing member with shares or Rule 106.J. equity member which also qualifies for the CBOT membership umbrella.

A CBOT clearing member with shares or Rule 106.J. equity member firm may qualify for the CBOT membership umbrella if it has assigned to it four Series B-1 (Full) memberships, two Series B-2 (Associate) memberships and 20,000 CME Group shares or five Series B-1 (Full) memberships and 20,000 CME Group shares (Agricultural only). A CBOT clearing member with shares or Rule 106.J. equity member firm which qualifies for the CBOT membership umbrella may qualify an unlimited number of affiliates but the qualified affiliates must be registered with the Exchange. The memberships and CME Group shares required to qualify for the CBOT membership umbrella include the memberships and shares required for the CBOT clearing member with shares or Rule 106.J. equity member firms' privileges, including any independent assignments.

The memberships and/or CME Group Class A Shares required by the Exchange must be owned by the clearing member with shares, Rule 106.J. equity member firm, Rule 106.H. trading member firm, affiliate member firm, by one or more affiliates, or by principals or employees of the member firm or one or more affiliates, except for Rule 106.I. affiliate trading member firms where the qualifying membership may be leased by the affiliate trading member firm.

A qualifying membership may be held in the name of the clearing member with shares, Rule 106.J. equity member firm, Rule 106.H. trading member firm, affiliate member firm, by one or more affiliates or a principal or employee of the clearing member with shares, Rule 106.J.

equity member firm, Rule 106.H. trading member firm or affiliate member firm. The firm may transfer the membership among such persons provided that: (1) the transfer is approved by Exchange staff; (2) the transferee is approved for membership pursuant to the rules of the Exchange; and (3) the transfer is for the legitimate business purposes of the firm. The firm shall have the right, at any time, to withdraw the authority of the transferee to trade on a membership but must withdraw such authority upon termination of his employment or other association with the clearing member with shares, Rule 106.J. equity member firm, Rule 106.H. trading member firm or affiliate member firm. Notice of the withdrawal of the authority of the transferee to trade on a membership must be given to his qualifying clearing member, and such clearing member must subsequently notify the Exchange pursuant to Rule 511.A. The clearing member with shares, Rule 106.J. equity member firm, Rule 106.H. trading member firm or affiliate member firm shall designate on a form provided by the Exchange a representative who shall be authorized to deal with the Exchange with respect to any membership held under this Section.

The proceeds of the sale of a membership which has been assigned in order to qualify a Rule 106.I. affiliate member firm shall be subject to Rule 110 claims against both the owner of the membership and the Rule 106.I. affiliate member firm.

A Rule 106.I. membership may not be transferred pursuant to any other provision of Rule 106. The membership may not be assigned for membership purposes under Rules 106.H., 106.J., 106.R., 106.S. or 902.

Rule 106.I. affiliate member firm benefits apply to the firm trading activity of a Rule 106.I. affiliate equity member firm; a Rule 106.I. affiliate trading member firm or Rule 106.I. qualified affiliates of a CBOT clearing member with shares or Rule 106.J. equity member which qualifies for the CBOT membership umbrella which are registered with the Exchange. All such positions of affiliates must be carried by a clearing member(s) in accounts separate from positions of subsidiaries, customers and other entities.

A member firm may pay an Equity Member Subscription Rate as published in the CBOT fee schedule in lieu of holding CME Group Class A Shares referenced above.

A Rule 106.I. affiliate member firm may not hold itself out to the public as a clearing member.

Exchange staff may grant exemptions from the requirements of this Rule.

#### **106.J. Equity Member Firm**

A member firm may pay an Equity Member Subscription Rate as published in the CBOT fee schedule in lieu of holding CME Group Class A Shares referenced below. The Equity Member Subscription Rate will be applied per member, per month, per Exchange. Member firms choosing to pay the Equity Member Subscription Rate must file an application with the Department. The Exchange will have discretion regarding applying the appropriate rate.

A firm may qualify as an equity member firm if a Series B-1 (Full) membership and 20,000 CME Group Class A Shares or a Series B-2 (Associate) membership and 8,750 CME Group Class A Shares are assigned for the firm's membership privileges. The membership and 50% of the CME Group Class A Shares must be owned by the equity member firm, by an affiliate as defined in Rule 106.I. which is a member firm, by one or more principals or employees of the equity member firm, or by persons, including a parent company, with an acceptable proprietary interest in the equity member firm. One-half of the CME Group Class A Shares required for membership may be independently assigned.

A CBOT Rule 106.J. equity member firm with a share requirement of 20,000 shares shall at all times have assigned to it at least 30,000 CME Group Class A Shares if it is also either: (a) a CME clearing member or CME Rule 106.J. equity member firm or (b) a NYMEX clearing member or NYMEX Rule 106.J. member firm. If the CBOT Rule 106.J. equity member firm has an 8,750 share requirement, the combined share requirement will be 28,750.



A CBOT Rule 106.J. equity member firm with a share requirement of 20,000 shares shall at all times have assigned to it at least 40,000 CME Group Class A Shares if it is also both: (a) a CME clearing member or CME Rule 106.J. equity member firm and (b) a NYMEX clearing member or NYMEX Rule 106.J. member firm. If the CBOT equity member firm has an 8,750 share requirement, the combined share requirement will be 38,750.

The membership may be held in the name of the equity member firm; an affiliate as defined in Rule 106.I. which is a member firm; or a principal or employee of the equity member firm, or a person with an acceptable proprietary interest in the equity member firm. The owner of the membership may transfer the membership among such persons provided that: (1) the transfer is approved by Exchange staff; (2) the transferee is approved pursuant to the rules of the Exchange; and (3) the transfer is for the legitimate business purposes of the firm. The equity member firm shall have the right, at any time, to withdraw the authority of the transferee to trade on the membership, but must withdraw such authority upon termination of his employment or other association with the firm. Notice of the withdrawal of the authority of the transferee to trade on the membership must be given to his qualifying clearing member who in turn must notify the Exchange pursuant to Rule 511.A. The equity member firm shall designate on a form provided by the Exchange a representative who shall be authorized to deal with the Exchange with respect to the membership transferred under this Section.

A Rule 106.J. equity member firm may not be a fund, fund management company, pool or other collective investment vehicle.

The proceeds of the sale of a membership which has been assigned in order to qualify a Rule 106.J. firm shall be subject to Rule 110 claims against both the owner of the membership and the Rule 106.J. firm.

A Rule 106.J. membership may not be transferred pursuant any other provision of Rule 106. The membership may not be assigned for membership purposes under Rules 106.H., 106.I., 106.R., 106.S. or 902.

Rule 106.J. equity member firm benefits apply only to the firm's member firm trading and not to the trading of any affiliates, subsidiaries or customers. All such positions of the equity member firm must be carried by a clearing member(s) in accounts separate from positions of affiliates, subsidiaries, customers and other entities.

Any holder or transferee of a Rule 106.J. membership may not solicit or contact customers from the floor of the Exchange, unless the equity member firm is an Introducing Broker or Futures Commission Merchant as those terms are defined in Section 1a of the Commodity Exchange Act and/or 17 C.F.R. 1.3.

A Rule 106.J. equity member firm may not hold itself out to the public as a clearing member.

Exchange staff may grant exemptions from the requirements of this Rule.

**[Sections K. through R. are unchanged]**

#### **106.S. Family of Funds Member Firm**

A fund management company or a pool or hedge fund may qualify as a:

- Rule 106.S. family of funds equity member firm if it has four Series B-1 (Full) memberships, two Series B-2 (Associate) memberships and 30,000 CME Group Class A Shares assigned for the firm's membership privileges. A member firm may pay an Equity Member Subscription Rate as published in the CBOT fee schedule in lieu of holding CME Group Class A Shares. The Equity Member Subscription Rate will be applied per member, per month, per Exchange. Member firms choosing to pay the Equity Member

Subscription Rate must file an application with the Department. The Exchange will have discretion regarding applying the appropriate rate; or

- Rule 106.S. family of funds trading member firm if it has two Series B-1 (Full) memberships and one Series B-2 (Associate) membership assigned for the firm's membership privileges.

A Rule 106.S. family of funds equity member firm may qualify up to five additional funds within the family of funds managed by the same fund management company. A Rule 106.S. family of funds trading member firm may qualify up to two additional funds within the family of funds managed by the same fund management company. Each additional Series B-1 (Full) membership or Series B-2 (Associate) membership will qualify an additional fund within the family of funds. Managed accounts are not eligible for Rule 106.S. family of funds member firm benefits.

A CBOT Rule 106.S. family of funds equity member firm shall at all times have assigned to it at least 45,000 CME Group Class A Shares if it is also either: (a) a CME clearing member or CME Rule 106.J. equity member firm or (b) a NYMEX clearing member or NYMEX Rule 106.J. member firm.

A CBOT Rule 106.S. family of funds equity member firm shall at all times have assigned to it at least 60,000 CME Group Class A Shares if it is also both: (a) a CME clearing member or CME Rule 106.J. equity member firm and (b) a NYMEX clearing member or NYMEX Rule 106.J. member firm

For Rule 106.S. family of funds equity member firms, at least two Series B-1 (Full) memberships and one Series B-2 (Associate) membership and 50% of the CME Group Class A Shares must be owned by the family of funds member firm, the fund management company, by one or more qualified funds; or a person, including parent company, with an acceptable proprietary interest in family of funds equity member firm. Two Series B-1 (Full) memberships and one Series B-2 (Associate) membership and 50% of the CME Group Class A Shares may be independently assigned.

A member firm may pay an Equity Member Subscription Rate as published in the CBOT fee schedule in lieu of holding CME Group Class A Shares referenced above.

For Rule 106.S. family of funds trading member firms, at least one Series B-1 (Full) membership and one Series B-2 (Associate) membership must be owned by the family of funds member firm; the fund management company, by one or more qualified funds or a person, including parent company, with an acceptable proprietary interest in family of funds trading member firm. One Series B-1 (Full) membership may be independently assigned.

If the fund management company is the member firm, it may designate a pool or hedge fund within its family of funds to receive its membership benefits.

A qualifying membership may be held in the name of the family of funds member firm, the fund management company, a qualified fund, or a person, including parent company, with an acceptable proprietary interest in the family of funds member firm. The owner of a membership may transfer the membership among such persons provided that: (i) the transfer is approved by Exchange staff; (ii) the transferee is approved pursuant to the rules of the Exchange; and (iii) the transfer is for the legitimate business purposes of the family of funds member firm or qualified fund. The family of funds member firm or qualified fund shall have the right, at any time, to withdraw the authority of the transferee to trade on a membership owned by the family of funds member firm or qualified fund, but must withdraw such authority upon termination of his employment or other association with the family of funds member firm or qualified fund. Notice of the withdrawal of the authority of the transferee to trade on a membership owned by the family of funds member firm or qualified fund must be given to his qualifying clearing member who in turn must notify the Exchange pursuant to Rule 511.A. The family of funds member firm or qualified fund shall designate on a form provided

by the Exchange a representative who shall be authorized to deal with the Exchange with respect to any membership transferred under this Section.

The proceeds of the sale of a membership which has been assigned in order to qualify a Rule 106.S. family of funds member firm shall be subject to Rule 110 claims against both the owner of the membership and the Rule 106.S. family of funds member firm.

A Rule 106.S. membership may not be transferred pursuant to any other provision of Rule 106. The membership may not be assigned for membership purposes under Rules 106.H., 106.I., 106.J., 106.R. or 902.

All positions of each pool or hedge fund of a family of funds member firm must be carried by a clearing member(s) in accounts separate from positions of affiliates, subsidiaries, customers and other funds within the family of funds.

A Rule 106.S. family of funds member firm may not hold itself out to the public as a clearing member.

Exchange staff may grant exemptions from the requirements of this Rule.

**[Remainder of Rule unchanged]**

## NYMEX RULEBOOK

### 106. TRANSFERS, SECURITY TRANSACTIONS, AND AUTHORIZATIONS TO TRANSFER OR SELL

[Sections A. through I. are unchanged]

#### 106.J. Member Firm

A firm may qualify as a:

- NYMEX Rule 106.J. member firm if two NYMEX Division memberships and 20,000 CME Group Class A Shares or if the equity member firm is a fund, pool or other collective investment vehicle, 30,000 shares, are assigned for the firm's membership privileges. A member firm may pay an Equity Member Subscription Rate as published in the NYMEX fee schedule in lieu of holding CME Group Class A Shares. The Equity Member Subscription Rate will be applied per member, per month, per Exchange. Member firms choosing to pay the Equity Member Subscription Rate must file an application with the Department. The Exchange will have discretion regarding applying the appropriate rate.
- COMEX Rule 106.J. member firm if two COMEX Division memberships are assigned for the firm's membership privileges.
- COMEX Rule 106.J. member firm (Options only) if two COMEX Option Division memberships are assigned for the firm's membership privileges.

A NYMEX Rule 106.J. member firm (excluding a fund, pool or other collective investment vehicle) shall at all times have assigned to it at least 30,000 CME Group Class A Shares if it is also either: (a) a CME clearing member with shares or CME Rule 106.J. equity member firm or (b) a CBOT clearing member with shares or a CBOT member firm that has a 20,000 share requirement. If the CBOT member firm has an 8,750 share requirement, the combined share requirement will be 28,750.

A NYMEX Rule 106.J. member firm that is a fund, pool or other collective investment vehicle shall at all times have assigned to it at least 45,000 CME Group Class A Shares if it is also either: (a) a CME clearing member with shares or CME Rule 106.J. equity member firm or (b) a CBOT clearing member with shares or CBOT Rule 106.J. equity member firm.

A NYMEX Rule 106.J. member firm shall at all times have assigned to it at least 40,000 CME Group Class A Shares if it is also both: (a) a CME clearing member with shares or CME Rule 106.J. equity member firm and (b) a CBOT clearing member with shares or a CBOT member firm that has a 20,000 share requirement. If the CBOT member firm has a 8,750 share requirement, the combined share requirement will be 38,750.

A NYMEX Rule 106.J. member firm that is a fund, pool or other collective investment vehicle shall at all times have assigned to it at least 60,000 CME Group Class A Shares if it is also both: (a) a CME clearing member with shares or CME Rule 106.J. equity member firm and (b) a CBOT clearing member with shares or CBOT Rule 106.J. equity member firm.

For NYMEX Rule 106.J. member firms, at least one membership and 50% of the CME Group Class A Shares required for membership pursuant to this Rule must be owned by the member firm, principals or employees of the member firm or persons, including a parent company, with an acceptable proprietary interest in the member firm, or if the member firm is a fund, pool or other collective investment vehicle, the investment manager of the fund, pool or other collective investment vehicle. One membership and 50% of the CME Group Class A Shares required for membership may be independently assigned.

A member firm may pay an Equity Member Subscription Rate as published in the NYMEX fee schedule in lieu of holding CME Group Class A Shares referenced above.

For COMEX Rule 106.J. member firms and COMEX Rule 106.J. member firms (Options only), at least one membership in each Division required for membership pursuant to this Rule must be owned by the member firm, principals or employees of the member firm or persons, including a parent company, with an acceptable proprietary interest in the member firm, or if the member firm is a fund, pool or other collective investment vehicle, the investment manager of the fund, pool or other collective investment vehicle. One membership in each Division required for membership may be independently assigned.

COMEX Option Memberships may be assigned solely for the purpose of trading those contracts which a COMEX Option Member is permitted to trade.

The memberships may be held in the name of the member firm, principals or employees of the member, or persons with an acceptable proprietary interest in the member firm. The owner of the membership may transfer the membership among such persons provided that: (1) the transfer is approved by Exchange staff; (2) the transferee is approved pursuant to the rules of the Exchange; and (3) the transfer is for the legitimate business purposes of the firm. The firm shall have the right, at any time, to withdraw the authority of the transferee to trade on the membership, but must withdraw such authority upon termination of his employment or other association with the firm. Notice of the withdrawal of the authority of the transferee to trade on the membership must be given to his qualifying clearing member who in turn must notify the Exchange pursuant to Rule 511.A. The member firm shall designate on a form provided by the Exchange a representative who shall be authorized to deal with the Exchange with respect to the membership transferred under this Section.

The proceeds of the sale of a membership which has been assigned in order to qualify a Rule 106.J. member firm shall be subject to Rule 110 claims against both the owner of the membership and the Rule 106.J. member firm.

A Rule 106.J. member firm membership may not be transferred pursuant to any other provision of Rule 106. The membership may not be assigned for membership purposes under Rule 902.

Rule 106.J. member firm benefits apply only to the firm's member firm trading and not to the trading of any affiliates, subsidiaries or customers. All positions of the member firm must be carried by a clearing member(s) in accounts separate from positions of affiliates, subsidiaries, customers and other entities.

Any holder or transferee of a Rule 106.J. membership may not solicit or contact customers from the floor of the Exchange, unless the member firm is an Introducing Broker or Futures Commission Merchant as those terms are defined in Section 1a of the Commodity Exchange Act and/or 17 C.F.R. 1.3.

A Rule 106.J. member firm may not hold itself out to the public as a clearing member.

Exchange staff may grant exemptions from the requirements of this Rule.

**[Remainder of Rule unchanged]**