



CME Corporate Membership Hedge Fund Application

Indicate the division of membership in which the hedge fund applicant wishes to receive corporate member clearing and Globex fee rates:

- CME Division
 - IMM Division
 - IOM Division
- (check one)

1. Hedge Fund'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. Main Address _____

Phone Number _____

6. Local Address _____

Phone Number _____

7. Indicate whether the above membership(s) will be purchased or leased.

- One membership in the above Division will be purchased
 - Two memberships in the above Division will be leased
- (check one)

CME Corporate Membership Hedge Fund Application

8. Indicate whether the above membership(s) will be held by the hedge fund or an employee of the hedge fund/investment manager.

- Membership(s) will be held by the hedge fund
- Membership(s) will be held by an employee of the hedge fund/investment manager
(check one)

9. Please indicate the following for the hedge fund.

Investment Manager

Name: _____

Type of Organization: _____

Address: _____

Contact Name/Title: _____

Phone: _____ Fax: _____ E-mail Address: _____

Investment Advisor

Name: _____

Type of Organization: _____

Address: _____

Contact Name/Title: _____

Phone: _____ Fax: _____ E-mail Address: _____

Administrator

Name: _____

Type of Organization: _____

Address: _____

Contact Name/Title: _____

Phone: _____ Fax: _____ E-mail Address: _____

CME Corporate Membership Hedge Fund Application

10. Indicate (name and title) who will represent the hedge fund and investment manager before the Exchange and its Committees.

Hedge Fund: _____

Investment Manager: _____

11. Please respond to the following:

Question	Yes	No
A. Has the hedge fund, investment manager or any present officer or partner of either ever been denied registration, or had a registration suspended, revoked, or conditioned by a governmental or regulatory authority?	<input type="checkbox"/>	<input type="checkbox"/>
B. Has the hedge fund, investment manager or any present officer or partner of either ever been denied membership or clearing privileges by any commodity or securities exchange/clearing organization?	<input type="checkbox"/>	<input type="checkbox"/>
C. Has any commodity exchange, securities exchange, clearing organization or other self-regulatory body ever fined, suspended, conditioned, or revoked privileges of the hedge fund, investment manager or any present officer or partner of either?	<input type="checkbox"/>	<input type="checkbox"/>
D. Has the hedge fund, investment manager or any present officer or partner of either 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?	<input type="checkbox"/>	<input type="checkbox"/>
E. Is the hedge fund, investment manager or any present officer or partner of either 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?	<input type="checkbox"/>	<input type="checkbox"/>
F. Does the hedge fund, investment manager or any present officer or partner of either currently have any judgments, liens, attachments, or other encumbrances filed against it?	<input type="checkbox"/>	<input type="checkbox"/>

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

CME Corporate Membership Hedge Fund Application

12. Public Accountant (include address, responsible partner, and direct phone number).

13. Is the hedge fund subject to any restrictions which would prohibit it from becoming a corporate member?

14. Is the hedge fund registered in any regulatory capacity? 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).

15. Is the investment manager registered in any regulatory capacity? 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).

16. List all commodity or security exchanges/clearing organizations, U.S. and non-U.S., at which membership privileges are held or pending by the hedge fund or investment manager. Please indicate the type of membership held (e.g. clearing or non-clearing).

CME Corporate Membership Hedge Fund Application

17. Describe the nature of the hedge fund's member firm trading activity. Please indicate the CME products you intend to trade, whether the trading will be electronic or floor-traded or both, speculative or for hedging purposes, and if you will day trade, carry positions overnight, or a combination.

18. If the hedge fund is organized as a "master-feeder" structure, list all feeder funds (U.S. and non-U.S.).

19. Indicate the CME clearing member(s) that will clear the hedge fund's member firm trades and the trading account number(s).

Clearing Member	Account Number
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>

20. Indicate the name(s) and title(s) of individuals authorized to act on behalf of the hedge fund regarding this application and to contact for questions concerning the application.

Phone Number _____ E-mail Address _____

Fax Number _____

CME Corporate Membership Hedge Fund Application

21. Please include with this application the following:

- Articles of Incorporation, Certificates of Incorporation, Articles of Association, Limited Liability Company Operating Agreement, and/or Partnership Agreement, as applicable, for the hedge fund and, if applicable, all feeder funds.
- Prospectus/Offering Documents, Investment Management Agreements, Investment Advisor Agreements, and Other Relevant Agreements for the hedge fund and all feeder funds.
- Ownership/Organizational Chart (detailing percentages of ownership and business form) of all entities, including feeder funds/master funds, the investment manager and other management companies.
- The most recent Certified Financial Statement for the hedge fund and, if applicable, all feeder funds. If a Certified Financial Statement is not available, please submit a financial statement indicating the assets, liabilities, and capital of the hedge fund and, if applicable, all feeder funds.
- Executed Investment Manager Representation & Acknowledgement (see attached)
- An executed CME Rule 106.H. Corporate Member - Member Firm Trading Attestation (see attached).
- An executed Member Firm Designated Spokesperson and Authorized Signor Acknowledgement (see attached).

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

Audit Department
Chicago Mercantile Exchange Inc.
20 S. Wacker Drive
Chicago, IL 60606

CME Rule 106.H. Corporate Membership Application

Attestation and Authorization

On behalf of my organization, I make this application for corporate membership on Chicago Mercantile Exchange Inc. under CME Rule 106.H. – Corporate Member Firm Transfers.

I represent that my organization meets all of the requirements for CME Rule 106.H. Corporate Membership which is applied for.

I do hereby agree that, if the hedge fund is accepted as a corporate member of Chicago Mercantile Exchange Inc., it, its investment manager, and its representatives will comply with and agree to be bound by the Bylaws, Certificate of Incorporation, Rules and Regulations of Chicago Mercantile Exchange Inc. and all amendments thereto.

I further acknowledge and agree to abide by the requirements for such corporate membership including the requirements regarding Member Firm Trading Activity of CME Rule 106.H. Corporate Members and to abide by CME's Fee Policy Bulletins at <http://www.cme.com/clearing/audit/adv/> regarding Member Firm Trading Policies. 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 _____.
(Hedge Fund)

Signature

Print Name

Title

Date

CME Corporate Membership Hedge Fund Application

**Investment Manager
Representation & Acknowledgement**

(Hedge Fund)

In consideration of Chicago Mercantile Exchange Inc. accepting the above hedge fund as a Corporate Member under CME Rule 106.H. – Corporate Member Firm Transfers we, its investment manager, and our representatives agree to comply with and be bound by the Bylaws, Certificate of Incorporation, Rules and Regulations of Chicago Mercantile Exchange Inc. and all amendments thereto.

I further acknowledge and agree to abide by the requirements for such corporate membership of the above hedge fund including the requirements regarding Member Firm Trading Activity of Rule 106.H. Corporate Members and to abide by CME’s Fee Policy Bulletins at <http://www.cme.com/clearing/audit/adv/> regarding Member Firm Trading Policies. I further represent that all current and future member firm trading activity of the above hedge fund will conform to the requirements for such trading activity established by Chicago Mercantile Exchange Inc.

This Representation & Acknowledgement must be signed by an Officer, Managing Member of an LLC or Partner authorized to make the above representation and acknowledgment on behalf of the Investment Manager.

Signed and accepted by a duly authorized representative of _____.
(Investment Manager)

Signature

Print Name

Title

Date

**Chicago Mercantile Exchange Inc.
CME Rule 106.H. Corporate Member
Member Firm Trading Attestation**

(Hedge Fund)

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

In order for CME Rule 106.H. members to receive preferential fees on CME trades, all member firm trading must be conducted in accordance with CME’s Fee Policy Bulletins at <http://www.cme.com/clearing/audit/adv/> for Member Firm Trading Policies.

Requirements (Absolutes)

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 CME Rule 106.H.

Further, CME Rule 106.H. 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 Rule 106.H.; 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 Rule 106.H.; or
- Bona-fide owners of the Rule 106.H.; or
- Individual equity members of CME trading within their division of membership; 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 CME Rule 106.H. traders must be assigned unique trader IDs, those IDs and the associated CME Rule 106.H. 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.

**Chicago Mercantile Exchange Inc.
CME Rule 106.H. Corporate Member
Member Firm Trading Attestation**

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

- 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 firm must be allocated both a portion of the profits and losses of the member firm account.
- 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).
- 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.

Best Practices

CME recognizes that certain business practices may be utilized when conducting customer business as well as member firm trading activities. The Best Practices were established to allow member firms to utilize certain business practices (most not allowed in the past) which are generally prohibited. In order to do so, the member firm must clearly demonstrate to CME their application of these non-compliant practices is not inconsistent with CME's goal of providing member fees only for member firm trading activity. Such practices will be reviewed individually and in the aggregate in relation to the firm's entire trading activities and operation.

Review of such non-compliant practices will reflect the following key principles of CME's member firm trading policies. First and foremost, the trading activity eligible for member fees must be conducted for the account and sole benefit of the member firm itself. The trading activity of individual customers/traders conducted in the name of the firm is not eligible for discounted member firm fees in order to prevent arcade type trading under the guise of member firm trading and to prevent the "selling" of member firm rates. Further, a member firm 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 Best Practices below is generally prohibited as it is indicative of arcade type trading, the selling of rates, and/or profiting from sources other than the performance of the member firm trade. As such, while the Best Practices are not absolutes as the Requirements are, any non-compliance of the Best Practices will be carefully reviewed with the burden of responsibility on the CME Rule 106.H. to clearly support and demonstrate to CME's satisfaction that the trading is of the CME Rule 106.H. itself. Under limited

**Chicago Mercantile Exchange Inc.
CME Rule 106.H. Corporate Member
Member Firm Trading Attestation**

circumstances in reviewing the totality of the CME Rule 106.H.'s trading operations and the violative practice(s), CME may deem the CME Rule 106.H.'s trading activities in accordance with our policies for CME Rule 106.H. trading activity that is eligible for CME Rule 106.H. fees. **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. CME Rule 106.H. members 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.
- Individual owners and investing LLCs (as permitted) of a CME Rule 106.H. may not have a specific interest in the profitability of a CME Rule 106.H. account or group of accounts other than a CME Rule 106.H. account that the individual owners or owners of the investing LLC trade or provide direct supervision/training to.

I represent that all current and future member firm trading activity of _____,
(Hedge Fund)

a CME Rule 106.H. 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 _____.
(Hedge Fund)

Signature

Print Name

Title

Date



A CME/Chicago Board of Trade Company

*General Correspondence will be sent electronically.