MARKET REGULATION ADVISORY NOTICE

Exchanges	**NEXSEF**
Subject	**CME Globex Operator ID Requirements**
Rule References	**Rules 208, 302, 309**
Advisory Date	**March 8, 2022**
Advisory Number	**NEX SEF 2022-02**
Effective Date	**May 16, 2022**

This Advisory Notice being issued to inform market participants of the regulatory requirements attendant to operator IDs on Globex, effective on trade date April 4, 2022[1] , and pending all relevant CFTC regulatory review periods. Note, all capitalized terms shall have the meaning outlined in the Rulebook.

Participants are responsible for ensuring that all Operator IDs (also referred to as Trader IDs) active on the NEX SEF markets are unique at the Globex Firm ID ("GFID") level and that all non-administrative messages ("messages"), inclusive of orders, sent to Globex are properly submitted with the correct Operator ID. Operator IDs are not case sensitive and firms must ensure that uniqueness is achieved by means other than solely modifying the letter case between different Operator IDs (For example, "ABC" and "abc" would be viewed as the same Operator ID). Further, all Operator IDs must be 3 bytes (characters) in length[2], and the Market Regulation Department ("Market Regulation") strongly encourages the use of alphanumeric characters only. If the Operator ID contains non-alphanumeric characters, the only characters permitted are as follows:

_	underscore
-	dash
:	colon
@	(commercial) at
.	period

Participants must provide the identity of the "Individual" or "Team" assigned to each Operator ID immediately upon request by Market Regulation. Participants must maintain or cause to be maintained historical records related to the identity of the "Individual" or "Team" assigned to each Operator ID for a minimum of five years.

The Participant must ensure that each Operator ID is properly registered in the CME Request Center (ESS). All registrations must be current and accurate at all times.

Required Registration of Operator IDs

Registration of Operator IDs is required for all Participants who submit messages to NEX SEF. Participants must provide accurate and up-to-date registration information about their operator IDs within ESS. The Operator ID that is registered in ESS must exactly match the Operator ID that is submitted on all messages sent to NEX SEF.

Operator IDs Identifying an Individual

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[1] This is a tentative date subject to change.
[2] NEX SEF will require 3 bytes for all Operator IDs until such a time when all users have moved to STP and there is no longer a technology constraint to vary the character length.

An Operator ID identifying an individual is used if the person meets one of the descriptions below:

- A single person who is a manual trader, which refers to a person who physically submits messages directly using a front-end system, typically via keyboard, mouse, or touchscreen, and the messages are then routed in their entirety to the match engine at the time of submission.
- A single person who is solely responsible for, and actively monitors at all times, the administration and operation of an Automated Trading System ("ATS"). An ATS refers to a computer system which generates and/or routes messages without human intervention. This includes any messages generated by a computer system or routed using functionality that manages the submission of an order through automated means (i.e. execution algorithm). The person in this role typically initiates or disables particular algorithms or strategies, adjusts the parameters of any automated program(s), and monitors the live trading of the ATS. All messages must be submitted with the "Individual" Operator ID assigned to the person present at the time of operation.
- A single person who engages in a combination of the trading methods described above. The person must ensure that all messages are submitted with the correct manual order indicator to differentiate between manual and automated activities.

Operator IDs Identifying a Team

Operator IDs identifying a team must only be used to submit automated messages to NEX SEF. Should a situation occur where a team needs to submit a manual message (i.e. during maintenance downtime, system malfunction, etc.), the message must be submitted with an operator ID registered to the specific single person submitting the message, rather than the operator ID associated with the team. In this scenario, a person would be acting in the capacity of an "individual" manual trader.

The firm must register a second operator ID for lead operators who also submit messages manually as an individual. Lead operators must not use the Operator ID submitted by the automated trading system for their individual manual trading.

Team Operator ID registration will take place in two steps:

1. The name of the individuals who are administering, operating, and monitoring an ATS while it is operational must be captured in the Algorithmic Trading Certification Form. If there are changes to the composition of the team, it is the responsibility of the firm to ensure that those changes are promptly and accurately reflected through the submission of a new Algorithmic Trading Certification Form.
2. Each team Operator ID must have a lead operator. The firm must register an Operator ID that identifies the lead operator of the team in ESS, and this Operator ID must be used on every message sent by the automated trading system while the team is monitoring it. If the automated trading system is monitored by more than one team (i.e. shifts), the automated trading system must send messages carrying the Operator ID of the lead operator of the team currently monitoring it.

Each person is required to submit messages using their own operator ID and may not, <u>under any circumstances</u>, permit another person to enter messages using their operator ID.

Frequently Asked Questions (FAQ)

Identification and Registration of Globex Operator IDs (operator IDs)

1. **What is an administrative message?**

   Administrative messages, which are <u>not</u> subject to the requirements set forth in this Advisory Notice, include the following: Logon, Heartbeat, Test Request, Resend Request, Session Level Reject, Business Level Reject, Sequence Reset, and Logout.

2. **Do messages submitted to Globex require the submission of an accurate Operator ID?**

   Yes. All messages other than administrative messages referenced in the answer to Question 1 above must include the unique operator ID of the "Individual" or "Team" submitting such messages to Globex.

3. **What is an Operator ID?**

   An operator or Operator ID or a Trader ID is a user ID that uniquely identifies a party that accesses and/or submits messages to Globex. Operator IDs are issued by Participants, or in some circumstances, by the GCC. Please note that Operator ID and Trader ID are synonymous. For Operator ID registration please contact Business Systems Integration @cmegroup.com.

4. **Is the Operator ID submitted on a message visible to other market participants?**

   No. Trading on NEX SEF is anonymous.

5. **Is it permissible for an individual to have multiple operator IDs?**

   Yes, an individual may have multiple Operator IDs. However, each firm must be able to uniquely identify the individual assigned to a particular Operator ID or identify the individuals assigned in the case of a team Operator ID.

6. **Are firms responsible for ensuring that operator IDs are unique at the firm level?**

   All Operator IDs must be unique at the executing firm level or floor code

7. **Is there any circumstance in which a person may use the Operator ID of another person?**

   No. Each message submitted to NEX SEF must reflect the Operator ID of the person or the lead operator of the team of persons who submitted the message or caused the message to be submitted.

8. **If a person deploys an ATS and someone else monitors the operation of the ATS during certain hours, does the Operator ID of the person monitoring the ATS have to be entered on new messages?**

   Yes. The Operator ID on all messages must be the Operator ID of the person responsible for monitoring the operation of the ATS at that time. NEX SEF requires Participants to identify all members of the ATS team via the Algorithmic Trader Certification Form through ESS. For questions on completing this Form please contact Business Systems Integration @cmegroup.com. Participants are required to maintain this information and provide to NEX SEF upon request.

9. **If a person deploys an ATS that operates for extended time periods, for example during Regular Trading Hours in addition to European and/or Asian trading hours, may that person's Operator ID be sent on all messages?**

The Operator ID on the messages must reflect the person responsible for operating and monitoring the ATS at the time the messages are sent to NEX SEF. To the extent a single individual is responsible for operating and monitoring the ATS over any given timeframe (e.g. more than one trading session or more than a typical work shift), the individual's Operator ID is required to be submitted on all messages. However, upon request, the individual must be able to demonstrate an effective means to monitor the ATS during all times it is operating. During the times that a person is not actively either operating or monitoring the trading operation of the ATS, their name should not be reflected as the active operator.

Additionally, only one individual / natural person short code may be associated with a given Operator ID. One or more computer algorithm short codes may be associated with an Operator ID which represents an Individual overseeing the administration and operation of an ATS.

In the event the ATS is monitored by a team, a head Operator ID should be reflected in the message sent to NEX SEF provided that each individual part of the ATS team is identified in the Algorithmic Trader Certification Form.

10. If a trader enters manual messages but also uses automated spreading functionality, may all of those messages be submitted under a single Operator ID?

Yes, in this situation, a single Operator ID may be used for both manual and automated messages. The manual order indicator value submitted with each message must appropriately identify whether the message was submitted via automated or manual means.

11. If a member of a team that monitors the operation of an ATS needs to submit manual messages, should the team Operator ID be submitted on those messages?

No. The team Operator ID may be used only for messages that are generated from the ATS. To the extent the team needs to submit manual messages, the individual Operator ID of the person who manually submits the message must be used. The lead trader will need to use a unique Operator ID separate from the team Operator ID that maps to that lead trader.

12. If an individual act as lead operator of an ATS, and trades also as an individual trader, can he/she use the same Operator ID used by the ATS to send messages to NEX SEF?

No, the lead operator must register a separate Operator ID, registered in his/her name, for submitting manual messages as support of the ATS (i.e. during maintenance downtime, system malfunction, etc.) or for submission of messages for individual trading.

13. Is an Operator ID the same as a short code?

No, short codes are used to identify the person or computer algorithm responsible for the investment decision for each order and for the execution of each transaction. Short codes are associated to individuals / natural persons (manual traders) or to computer algorithms. In the case of individuals / natural persons, the short code is used on order messages in lieu of a personal identifier.

In the case of computer algorithms, the short code should be a designation which meets the following conditions:
(a) it is unique for each set of code or trading strategy that constitutes the algorithm;

        (b) it is used consistently when referring to the algorithm or version of the algorithm once assigned to it;

        (c) it is unique over time.

As mentioned in FAQ 9, only one individual / natural person short code may be associated with a given Operator ID. One or more computer algorithm short codes may be associated with an Operator ID which represents an Individual overseeing the administration and operation of an ATS.

14. What types of violations related to Operator IDs will Market Regulation seek to identify?

Market Regulation's review of Operator IDs will be focused on, but not be limited, identifying the following types of violations:

- Missing or Inaccurate Registration
- Non-Identifiable Operators
- Invalid Use of Operator ID
- Invalid Operator ID Format
- Inaccurate Manual Order Indicator Submission

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

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