

Exemption Order

Chicago Mercantile Exchange Inc., The Board of Trade of the City of Chicago, Inc., New York Mercantile Exchange, Inc., and Commodity Exchange, Inc.

Sections 33(1) of the *Securities Act*, R.S.B.C. 1996

1. Background

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 Filers) have collectively filed an application (the Application), with the British Columbia Securities Commission (the Commission) for an exemption under

- (a) section 33 of the *Securities Act* (British Columbia) (the Act) from the requirement under section 25 of the Act to be recognized as an exchange,
- (b) section 33 of the Act from the provisions of
 - (i) National Instrument 21-101 *Marketplace Operation* (NI 21-101),
 - (ii) National Instrument 23-101 *Trading Rules* (NI 23-101), and
 - (iii) National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces* (NI 23-103).

(collectively, the Requested Relief).

CME has concurrently filed an application with the Commission for an exemption under section 33 of the Act from the requirement under section 25 of the Act to be recognized as a clearing agency.

2. Interpretation

Terms defined in the Act, National Instrument 14-101 *Definitions*, NI 21-101, NI 23-101, NI 23-103 and Multilateral Instrument 91-101 *Derivatives: Product Determination* have the same meaning if used in this decision, unless otherwise defined.

In this decision,

“BC Member” means a Member that is a “BC Person”;

“BC Person” means a person that has its head office or principal place of business in British Columbia;

“CME Clearing Member” means a person registered as a registered futures commission merchant with the U.S. Commodity Futures Trading Commission (CFTC) and subject to the compliance requirements of the U.S. Commodity Exchange Act (CEA), the CFTC and the U.S. National Futures Association, that is a member of CME Clearing;

“Member” means a person as defined in the rules of each Filer that has executed a customer connection agreement with CME through which the Member can transmit orders and trades directly into CME Globex, that is itself a CME Clearing Member or with the guarantee of a CME Clearing Member; and

“material non-compliance” means any incident of non-compliance with securities legislation if any of the following apply:

- (a) the non-compliance creates or created, in the opinion of a reasonable person, a risk of material harm to a BC Person;
- (b) the non-compliance creates or created, in the opinion of a reasonable person, a risk of material harm to capital markets in British Columbia;
- (c) the non-compliance is part of a pattern of non-compliance.

3. Representations

This decision is based on the following representations of the Filers:

1. Each of CME, CBOT and NYMEX is a corporation organized under the laws of the State of Delaware in the United States of America (the U.S.) and COMEX is a corporation organized under the laws of the State of New York in the U.S.
2. The Filers are wholly-owned subsidiaries of CME Group Inc. (CMEG), a publicly traded for-profit corporation organized under the laws of the State of Delaware and listed for trading on the NASDAQ National Market.
3. The Filers offer trades in exchange-traded futures and options on futures (Exchange Products), based on various asset classes, including interest rates, equities, credit, foreign exchange, and commodities, including tangible and intangible commodities.
4. The Filers will offer trading of the Exchange Products through CME Globex, an electronic trading platform that also functions as the electronic central limit order book for each of the Filers.
5. Direct access to CME Globex will only be granted to BC Members who are “eligible derivatives parties” as defined under section 1 of National Instrument 93-101 *Derivatives: Business Conduct*.
6. BC Persons, including individuals may gain indirect access to CME Globex via an order-routing arrangement with a Member who itself is a CME Clearing Member.

7. All trades on the Filers are cleared and settled through CME Clearing, which is a service of CME.
8. The Filers are registered as Designated Contract Markets with the CFTC and are subject to oversight by the CFTC under the CEA.
9. In Canada, the Filers are exempt from recognition/designation as exchanges in Ontario by the OSC and in Quebec by the AMF but are recognized by the ASC as a foreign derivatives exchange.
10. The Filers do not have physical operations in the Province of British Columbia.
11. Each of the Filers offers, and intends to continue offering, BC Members access to CME Globex for trading of Exchange Products and is therefore considered to be carrying on business as an exchange in British Columbia.
12. When accessing CME Globex, BC Members will be subject to the same requirements and will have access to the same services, on equivalent terms, as Members resident in other jurisdictions.
13. The Filers will maintain a compliance program reasonably designed to ensure that the Filers are not in material non-compliance with securities legislation in Canada applicable to their operations, including the applicable rules and requirements of the CFTC.
14. The access requirements and the process for obtaining, limiting and denying access to the services of the Filers are fair, transparent and applied reasonably. In applying these access requirements, the Filers will not:
 - (a) unreasonably prohibit, condition or limit access by a person to services offered by the Filers;
 - (b) permit unreasonable discrimination among Members; or
 - (c) impose any burden on competition that is not reasonably necessary and appropriate.
15. The fees for the Filers will be fair and appropriate, and transparent to all Members and applicants.
16. The Filers have an effective real-time surveillance program to monitor trading activities of Members to ensure compliance with applicable regulatory requirements and to identify, investigate and intervene as necessary to ensure an orderly market.
17. The Filers will make available to the public directly or indirectly through information vendors, daily information on settlement prices, volume, open interest, and opening and closing prices of the Exchange Products.
18. The Filers have implemented rules (Exchange Rules) that:

- (a) are designed to govern the terms and conditions of the Exchange Products, the exchange operations, access to CME Globex, and conduct of the Members;
 - (b) permit the denial or limitation of a Member's access to CME Globex or Exchange Products, are not contrary to the public interest and are designed to:
 - (i) ensure compliance with applicable securities legislation;
 - (ii) prevent fraudulent and manipulative acts and practices;
 - (iii) promote just and equitable principles of trade;
 - (iv) ensure that a Member's order or trade information are only disclosed in accordance with the terms of the customer connection agreement and the Exchange Rules;
 - (v) provide a framework for disciplinary and enforcement actions, including referral of matters to the appropriate securities regulatory authority when appropriate; and
 - (vi) ensure a fair and orderly market.
19. For any decision made by the Filers in connection with the operation of the exchange relating to a Member or a person applying to be a Member, that materially affects the Member or person applying to be a Member, including in respect of access or discipline, the Filers ensure that:
- (a) the affected person is given an opportunity to be heard or make representations; and
 - (b) the Filers keep a record of, give reasons for, and provide for appeals or review of the decisions.
20. The Filers apply internal controls, policies and procedures relating to the operations and critical systems that have an impact on their Members, including BC Members, including:
- (a) the proper functioning of the systems, change and incident management and system capacity;
 - (b) information security;
 - (c) business continuity;
 - (d) disaster recovery;
 - (e) recordkeeping;
 - (f) testing critical systems.
21. Where the Filers have outsourced any of the key services or systems of the exchange operations to a service provider, they have appropriate and formal arrangements and

processes in place that are designed to ensure that the Filers meet their obligations with respect to the operation of the exchange, including applicable regulatory requirements.

4. Order

Based on the representations that the Filers provided and considering that to do so would not be prejudicial to the public interest, the Commission orders under section 33(1) of the Act that the Requested Relief is granted on the following terms and conditions:

1. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the activities of the Filers, the Filers will submit to the non-exclusive jurisdiction of the courts of British Columbia and the Commission.
2. The Filers will file with the Commission an appointment of an agent for service in British Columbia upon whom the Commission may serve a notice, pleading, subpoena, summons, orders, directions or other process in any action, investigation or proceeding relating to the Commission's regulation and oversight of the Filers' activities and operations in British Columbia.

5. Requirements

The Filers, during the period that they rely on the Requested Relief, must:

1. Promptly provide the Commission when requested either directly or through the CFTC, as the case may be, any books, records or other information in the custody or control of the Filers, relating to BC Members, the exchange operations of the Filers and compliance with applicable securities legislation in British Columbia, including this decision;
2. Promptly notify the Commission of any of the following:
 - (a) any material change to each Filer, its business or operations or the information provided in the Application, including, but not limited to:
 - (i) changes to the regulatory oversight of the Filers by the CFTC;
 - (ii) the corporate governance structure of the Filers;
 - (iii) the access model, including eligibility criteria, for BC Members; and
 - (iv) critical systems and technology;
 - (b) any change that may materially affect the accuracy of the representations;
 - (c) any significant change to each Filers' operations, as an exchange, that could have a material impact on a BC Member;
 - (d) any condition or change in circumstances that results in the Filers being in material non-compliance with regulatory requirements of the CFTC;

- (e) any revocation or suspension of the Filers' ability to operate as an exchange in Canada or in any other jurisdiction;
 - (f) any known investigations of, or disciplinary action against, the Filers by the CFTC or any other securities regulatory authority;
 - (g) any matter known to the Filers that may affect each, its financial or operational viability, including, but not limited to, any significant system failure or interruption.
3. Provide, in a manner and form acceptable to the Commission, on a semi-annual basis within 30 days of the end of June and December and at any time promptly upon the request of staff of the Commission:
- (a) a current list of BC Members, including each BC Member's LEI, if applicable;
 - (b) a list of all BC Members against whom disciplinary action has been taken by any of the Filers in the last semi-annual period;
 - (c) a list of all BC Persons who applied for status as a Member that were denied such status during the last semi-annual period;
4. Provide, in a manner and form acceptable to the Commission, on a semi-annual basis within 30 days of the end of June and December and at any time promptly upon the request of staff of the Commission:
- (a) for each class of Exchange Products available to BC Members:
 - (i) the total volume and value traded by each BC Member;
 - (ii) the proportion of worldwide volume and value traded by BC Members.
 - (b) a list outlining each incident of a significant system outage that occurred at any time during the semi-annual period for any system impacting BC Members, including, submitting or routing orders, specifically identifying the date, duration and reason for the outage, and noting any corrective action taken;
5. Continue to make the Exchange Rules publicly available on its website and will promptly provide the Commission copies of changes to the Exchange Rules where such changes could reasonably be considered to materially effect BC members' access to CME Globex or the ability of the Filers to comply with the provisions of this order;
6. Provide to BC Members a disclosure that states that:
- (a) rights and remedies against the Filer may only be governed by the laws of the U.S. and may be required to be pursued in the U.S.;
 - (b) the rules applicable to using the facilities on the Filer are governed by the laws of the U.S.;

- (c) the Filer is subject to primary regulatory oversight by the CFTC under the regulatory regime in the United States of America which might not be equivalent, in all respects, to regulatory requirements under securities legislation in British Columbia.

April 29, 2026

“Brenda M. Leong”

Brenda M. Leong
Chair