



**International Incentive Program (IIP)  
Questions & Answers  
January 2016**

**1. What is the International Incentive Program?**

The International Incentive Program (IIP) enables proprietary trading firms located outside of North America to receive discounted fees for qualified products. These incentives apply only to electronic proprietary trades that are done by qualified registered traders in accordance with CME Group policies. IIP participants will receive discounted fees through **December 31, 2016**, provided that they satisfy minimum quarterly volume requirements.

**2. What products can be traded under this program?**

All CME, CBOT, NYMEX futures and options traded on CME Globex can be traded under the program. COMEX futures products are also eligible.

**3. Are give-up trades eligible?**

Yes, give-ups are eligible for the reduced all-in fee.

**4. Is the program restricted to specific trading hours?**

No. Firms in the program may take advantage of the discounted fees at any time. For a complete list of CME, CBOT, NYMEX and COMEX products available on Globex and trading hours, please refer to [http://www.cmegroup.com/trading\\_hours](http://www.cmegroup.com/trading_hours)

**5. Is an IIP firm subject to fees charged per contract by the National Futures Association (NFA)?**

Yes, IIP firms are considered participants in an incentive program.

**FEE SCHEDULE & TIER DISCOUNTS**

**6. What is the CME Group fee schedule for IIP firms?**

Please refer to the most updated fee schedule at <http://www.cmegroup.com/company/clearing-fees.html> which provides more detail on fees for this program as well as fees for products not listed below. This is just a summary table that should be used as a reference guide only:

<b>International Incentive Program (IIP) - CME and CBOT</b>		
<b>Product Category</b>	<b>Standard customer (non-member) rates</b>	<b>IIP all-in fees (per side)</b>
<b>Electronic Trading Only</b>		
<b>CME Products</b>		
Agricultural Contracts*	\$2.03	\$0.81
Weather Contracts	\$0.54	\$0.25
Full Size Foreign Exchange Contracts*	\$1.60	\$0.54
E-mini Foreign Exchange Contracts*	\$0.85	\$0.54
E-micro Foreign Exchange Contracts	\$0.16	\$0.10
Full Size Equity Index – Futures	\$2.40	\$1.10
Nikkei Futures	\$2.35	\$1.05
Full Size Equity Index – Options	\$2.31	\$1.00
E-mini Equity Index – Futures*	\$1.17	\$0.51

<b>International Incentive Program (IIP) - CME and CBOT</b>		
<b>Product Category</b>	<b>Standard customer (non-member) rates</b>	<b>IIP all-in fees (per side)</b>
<b>Electronic Trading Only</b>		
E-mini Equity Index – Options	\$0.55	\$0.45
E-mini Nifty 50 Index Futures	\$0.80	\$0.36
USD Ibovespa – Futures	\$1.26	\$1.26
Interest Rate – Futures* <sup>1</sup>	\$1.25	\$0.46
Interest Rate – Options* <sup>1</sup>	\$0.89	\$0.46
<b>CME Products (Bundle Futures Only)</b>		
2-Year Eurodollar Bundle Futures	\$6.40	\$3.68
3-Year Eurodollar Bundle Futures	\$9.60	\$5.52
5-Year Eurodollar Bundle Futures	\$16.00	\$9.20
2-Year Eurodollar Bundle Options	\$5.50	\$3.02
3-Year Eurodollar Bundle Options	\$8.00	\$4.41
5-Year Eurodollar Bundle Options	\$13.00	\$7.18
<b>CBOT Products</b>		
Full Size Agricultural Contracts	\$1.95	\$1.06
Mini Agricultural Contracts	\$1.03	\$0.90
ICS & CS Agricultural Options	\$3.84	\$2.06
Mini \$5 Dow Products	\$1.16	\$0.54
DJ U.S. Real Estate Index Futures	\$1.16	\$0.54
2-year U.S. Treasury Futures <sup>1</sup>	\$0.60	\$0.49
5-year U.S. Treasury Futures <sup>1</sup>	\$0.65	\$0.49
10-year U.S. Treasury Futures <sup>1</sup>	\$0.75	\$0.49
U.S. Treasury Bond Futures <sup>1</sup>	\$0.80	\$0.49
Ultra U.S. Treasury Bond Futures <sup>1</sup>	\$0.85	\$0.49
U.S. Treasury Options <sup>1</sup>	\$0.81	\$0.49
Other Financial Products <sup>1</sup>	\$0.96	\$0.49
Deliverable IR Swap Futures	\$0.56	\$0.49

**\*These products are eligible for volume discounts. Please see volume tiers below.**

<b>International Incentive Program (IIP) - NYMEX/COMEX</b>		
<b>NYMEX Products on CME Globex</b>		
Core Energy (CL, LO, HO, OH, RB, OB, NG, LN, ON)	\$1.45	\$0.77
NYMEX Metals (PL, PA, PO, PAO)	\$1.45	\$0.77
All other Energy	Varies by product	Must be greater than 10% of the highest member rate
All other Metals	Varies by product	Must be greater than 25% of the highest member rate
<b>COMEX Products on CME Globex - Futures Only</b>		
Core Metal (GC, SI, HG)	\$1.45	\$0.88
Physical Metals (equal to or less than half of full size contract)	Varies by product	Member rate must be 25% lesser than non-member rate
Financial Metals	Varies by product	Member rate must be 25% lesser than non-member rate

International Incentive Program (IIP) - PIT & EX-PIT <sup>1</sup>		
Product Category Pit & Ex-Pit Trading	Standard customer (non-member) rates	IIP all-in fees (per side)
<b>CME Products</b>		
Interest Rate Futures	\$0.70	\$0.46
Interest Rate Options	\$0.64	\$0.46
<b>CBOT Products</b>		
U.S. Treasury Futures	\$0.46	\$0.46
U.S. Treasury Options (Other than 2-year)	\$0.65	\$0.49
U.S. Treasury Options (2-year)	\$0.60	\$0.49
Other Financial Futures	\$0.36	\$0.36
Other Financial Options	\$0.56	\$0.49
<b>*Above reflects total clearing/exchange fees; Ex-Pit Surcharges also apply for Ex-Pit trades</b>		

Fee Discount for CME Product Exchange Only

- 0-1,000 sides Average Daily Volume (ADV) - fixed fee discount
- 1,000 + ADV – progressive fee discount, depending on the asset class

Tiers - CME Products for IIP				
Tier Structure (ADV Thresholds)	Interest Rates	FX	Equity	Ags
0 -1000	\$0.46	\$0.54	\$0.51	\$0.81
1001 - 5000	\$0.35	\$0.41	\$0.41	\$0.55
5001+	\$0.25	\$0.36	\$0.36	

**ELIGIBILITY**

**7. What types of firms are eligible for the International Incentive Program? What types of firms are not eligible?**

**Eligible Firms:** Proprietary trading firms located outside of North America and traders located outside of North America are eligible for the IIP. They will receive discounted fees for all electronic trading for qualified products and accounts of the proprietary trading firm conducted in accordance with CME Group policies.

**Ineligible Firms:** Trading Arcades, Commercial Firms, Hedge Funds, Commodity Pools, Banks, FCMs, Brokers, Broker/Dealers, Commodity Trading Advisors, Introducing Brokers, Spread Betting Firms, Asset/Investment Managers, Pension Funds and other firms that hold and/or manage third party funds are not eligible for the IIP.

**8. What firms qualify as proprietary trading firms for IIP?**

As defined by CME Group, a proprietary trading firm is a legal entity that trades its own capital. Trading funds must be exclusively firm funds and all trading must be done in the firm's accounts. A proprietary trading firm is a legal entity in which:

- All trading must be done in proprietary trading accounts held in the name of the firm.

- All trading must be done electronically by owners, employees or contractors of the firm.
- Only the firm's capital can be at risk of loss; that is, no traders may make any trading capital contributions or payments to the firm nor have any capital at risk in connection with their trading of the firm's proprietary accounts.
- All trading must be solely for the benefit of the firm. No other individuals or entities can have any ownership interest in these accounts.
- All funds contributed to and traded under the firm are subject to loss from any and all trading activity of the firm.
- All profits and losses of the account are booked to income of the firm.
- Net profits of the account after the distribution of trader incentives and deduction of expenses are taxed to the firm.

Please refer to Fee Policy Bulletin #09-01 dated June 16, 2009, for complete details of fee policies.

**9. Can an existing CME, CBOT, NYMEX, or COMEX Clearing Member Firm; CME, CBOT, NYMEX or COMEX Rule 106.J. Equity Member Firm or Member Firm; CME or CBOT Rule 106.H. Trading Member Firm; or CME or CBOT Rule 106.R. Electronic Corporate Member Firm outside of North America convert or step down to IIP?**

No. However, the firm can keep its current membership(s) and concurrently apply to participate in IIP and benefit from IIP rates for the products within IIP that are not covered under the firm's current membership(s). For example, a CME Rule 106.H. trading member firm in the IMM division could apply for IIP for the CME division, CBOT, NYMEX and COMEX products.

**WHO CAN TRADE?**

**10. Are there any restrictions on who may trade an IIP Firm's trading accounts?**

Yes. To receive discounted transaction fees, trades must be done by registered traders. In general, trades done by any owner of, employee of, or contractor to the trading firm may receive discounted fees. *Please refer to Fee Policy Bulletin #09-01 dated June 16, 2009, for complete details of fee policies.*

**11. If I am an individual trading my own proprietary account, can I qualify for the program?**

No. The program is specifically designed to provide discounts to proprietary trading firms.

**MINIMUM VOLUME**

**12. What are the minimum volume requirements to stay in the program?**

IIP participant firms that traded on **average 250 contracts (sides)** a day in the previous calendar quarter across qualified products are eligible for the program. Eligibility will be re-evaluated on a calendar quarter basis (March, June, September and December) for the previous three months of trading.

Please note that volume traded under membership (e.g. non-IIP/incentive programs) will not qualify for the IIP volume requirement. For example, if a CME Rule 106.H. trading member holds an IOM membership, the firm's trades under IOM and GEM will not be eligible towards the IIP volume requirement.

IIP firms that do not satisfy the minimum quarterly volume requirement will no longer be eligible for the IIP. Firms can reapply, however the standard non-refundable application fee will apply.

**13. How is an IIP firm’s average daily volume calculated for the purposes of the minimum quarterly volume requirement?**

For each quarter, CME Group sums the qualified product sides traded through accounts held by the IIP firm and registered in CME Group’s Exchange Fee System as such. To be included in the sum, the contract side must trade and clear on a day within the quarter. CME Group calculates the average daily volume by dividing that sum by the number of business days in the quarter. Exchange holidays where only CME Globex is open are excluded from the business day count for the quarter.

**14. How is an IIP firm’s average daily volume calculated if the IIP firm was approved midway through the quarter?**

The average daily volume will be based on the sides traded and the number of business days the firm was in the IIP during the quarter.

**15. For an IIP firm failing the minimum quarterly volume requirement, when will the firm be dismissed from the program?**

On the 15th of the review month (or first business day thereafter).

For instance, if an IIP firm averages below 250 contracts (sides) a day for the first quarter of 2016, the IIP status will change effective April 15, 2016. For the period April 1 through April 14, the firm will receive IIP rates. On and after April 15, the firm will no longer be eligible for the program and will receive non-member/customer rates on all future trades.

**16. Will CME Group notify the IIP firm or the clearing firm of its failure to meet the minimum quarterly volume requirement?**

Yes. CME Group will notify an IIP firm failing the average minimum quarterly volume requirement. Additionally, CME Group will do its best to notify an IIP firm’s clearing member firms through direct communication (e.g. e-mail) that the IIP participant has been dismissed from the program. However, the IIP firm is responsible for communicating this change in status to its clearing member firms.

**REGISTRATION – APPLICATION/APPROVAL PROCESS**

**17. How do firms apply for the International Incentive Program?**

Firms wishing to apply for IIP should contact CME Group Concierge Services at 312.435.3555. The application form can be found on CME Group’s Web site at [www.cmegroup.com/company/membership/international-incentives.html](http://www.cmegroup.com/company/membership/international-incentives.html). Firms should also contact their clearing firms as their support will be helpful during the application and review process. If you have questions, you may also contact the Product & Services team within our respective offices:

<b>Europe, Middle East &amp; Africa (EMEA)</b> Matthew Judge <a href="mailto:Matthew.Judge@cmegroup.com">Matthew.Judge@cmegroup.com</a> +44 (0) 20 3379 3888	<b>Asia</b> Aaron Gong <a href="mailto:Aaron.Gong@cmegroup.com">Aaron.Gong@cmegroup.com</a> +852 2582 2216
Richard Stoker <a href="mailto:Richard.Stoker@cmegroup.com">Richard.Stoker@cmegroup.com</a> +44 (0) 20 3379 3733	Jamie Yu <a href="mailto:Jamie.Yu@cmegroup.com">Jamie.Yu@cmegroup.com</a> +65 6593 5578

**18. How long is the approval process?**

Once the application, all supporting documents and the application fee are received, the review process starts and generally takes 4-6 weeks. CME staff will consider the applicant's business reputation, financial resources and proprietary trading activity in approving the applicant and reserves the right to reject any applicant. The decision of CME staff is final.

**19. Are there any application fees?**

Yes. A \$2,000 non-refundable application fee will be required prior to any entity being reviewed and approved to receive the discounted rates. This fee will be applied to any transfer fees associated with the future purchase or lease of a CME, CBOT, NYMEX or COMEX membership.

**20. If my firm is approved as an IIP firm does it still need a CME Group clearing member firm?**

Yes. All trades at CME Group are done through CME Group (CME, CBOT, NYMEX and COMEX) clearing member firms. All IIP firms must maintain their own separate account on the books of a CME Group clearing member firm for their proprietary trades unless otherwise approved by CME Group.

**21. How will my clearing member firm be notified that my firm has been approved as an IIP firm?**

While we will do our best to notify the appropriate staff at any clearing firms you have included in your application, the responsibility to inform your clearing firm(s) remains with you. Because the IIP discounted rates could be applicable at any clearing firm you utilize, you need to notify them so they can register your accounts and trader IDs within EFS. We may not know about all of your clearing relationships. As a result, you must notify your clearing firms when you receive your approval notification.

**22. If our firm uses multiple clearing firms or changes clearing firms once approved, do we need to submit an additional application?**

No, but if an approved IIP firm changes or adds clearers, it is the responsibility of the IIP firm to inform their clearing member firm that the firm is approved for IIP. This is necessary so that the clearer can register trader and account details in EFS, as applicable

**REGISTRATION – EXCHANGE FEE SYSTEM (EFS) PROCESS**

**23. How does a clearing firm register an IIP firm in order to receive the discounted fees?**

The trading account must be registered to the respective IIP entity within the Exchange Fee System (EFS) in order to receive the all-in reduced rates, including any volume discounts. If account registration does not occur, non-member rates will apply.

**NOTE:** Identification and registration of Globex Operator IDs (Tag 50 IDs) is still the responsibility of the clearing member (or other entity approved by CME Group) to ensure that such Tag 50 IDs are properly registered and kept updated within the Fee System.

## **OTHER INFORMATION**

### **24. When does this program expire?**

The program will expire on **December 31, 2016**. Therefore, any firm that is approved and continues to meet the program requirements will receive discounted rates through December 31, 2016 as long as the IIP firm and its traders are properly registered within the Fee System.

### **25. What will happen when the program expires?**

Participants will be charged non-member customer fees according to CME Group's then-current fee schedule.

### **26. Who can I contact if I have additional questions?**

For any fee related questions, please contact the Fee Hotline at (312) 648-5470. For any questions regarding owning or leasing memberships, please contact the Membership Department at (312) 435-3480. For general questions and how to apply for IIP, please contact CME Group Concierge Services at (312) 435-3555 or the CME Group contacts indicated in Q17.