

CME Group - Exchange Fee System Updates

February 2017

A. Exchange Fee Information on CME Group Website

URL: <http://www.cmegroup.com/company/clearing-fees.html>

B. Fee Credit Model for Exchange Fees

- ❖ As announced previously, CME Group is transitioning to a fee credit model for Exchange Fee discount, to create an itemized statement for the client, rather than embedding discounts within the rate and the total fees applied.
- ❖ To ease the transition, this model will be implemented in a few iterations, addressing the following types of incentives (that are currently calculated within EFS):
 - ✓ Phase 1: Fee Waivers – implemented October 2016
 - ✓ Phase 2: Market Maker/Targeted Incentive Programs with fee waiver and flat rate discounts – implemented January 2017
 - **Phase 3: Market Maker/Targeted Incentive Programs with % discounts, CME Interest Rate Futures discounts and NYMEX Brent Futures discounts – to be implemented effective March 2017 (see details below)**
 - Volume Discounts – Targeted Q2 2017
 - Other Product Specific Discounts – TBD
 - International Incentive Programs (IIP, IVIP, CBIP, etc.) – TBD
- ❖ **PHASE 3 RELEASE: March 2017 – Market Maker/Targeted Incentive Programs with % discounts, CME Interest Rate Futures discounts and NYMEX Brent Futures discounts**
 - For CBOT and CME, this release includes all of the remaining Market Maker/Targeted Incentive Programs – those that are currently calculated within EFS, where the discount is a *percentage* discount (Agricultural Options).
 - For CME, this release also includes the following Interest Rate Futures discounts:
 - The discounted Exchange fee for Back Months applies to Interest Rate Futures contracts with longer than 4-year expirations (Gold through Copper).
 - The discounted Exchange fee for Globex Bundles applies to Interest Rate Futures contracts transacted as 2-year through 10-year Bundles.
 - For NYMEX, this release includes the Brent Futures Globex fee discounts.
 - The application of the new fee credits will apply for trading activity beginning March 1st. Any resubmissions of prior period activity for January/February will still be applied the old way, as a discounted rate.

**EXAMPLE: CME Live Cattle Options Market Maker 50% Discount
(Equity Member)**

CURRENT STATE

Firm ID	Account	Base Rate	Applied Rate	Fee Quantity	Fee Type	Applied Fees
999	ABCD	0.255	0.255	1,000	Exchange Fee	\$255.00

NEW STATE

NOTE: This is a generalization of what will display on Summary reports, with a new fee type indicating a 'Cr' designation for a fee credit.

Firm ID	Account	Rate	Fee Quantity	Fee Type	Applied Fees
999	ABCD	0.51	1,000	Exchange Fee	\$510.00
999	ABCD	-0.255	1,000	Exchange Fee Cr	-\$255.00
Total Fees Due					\$255.00

**EXAMPLE: CME Interest Rate Futures Bundle Discount
(Non-Member)**

CURRENT STATE

Firm ID	Account	Base Rate	Applied Rate	Fee Quantity	Fee Type	Applied Fees
999	ABCD	0.80	0.80	1,000	Exchange Fee	\$800.00

NEW STATE

NOTE: This is a generalization of what will display on Summary reports, with a new fee type indicating a 'Cr' designation for a fee credit.

Firm ID	Account	Rate	Fee Quantity	Fee Type	Applied Fees
999	ABCD	1.25	1,000	Exchange Fee	\$1,250.00
999	ABCD	-0.45	1,000	Exchange Fee Cr	-\$450.00
Total Fees Due					\$800.00

**EXAMPLE: NYMEX Brent Futures Globex Fee Discount
(Non-Member)**

CURRENT STATE

Firm ID	Account	Base Rate	Applied Rate	Fee Quantity	Fee Type	Applied Fees
999	ABCD	1.50	0.30	1,000	Exchange Fee	\$300.00

NEW STATE

NOTE: This is a generalization of what will display on Summary reports, with a new fee type indicating a 'Cr' designation for a fee credit.

Firm ID	Account	Rate	Fee Quantity	Fee Type	Applied Fees
999	ABCD	1.50	1,000	Exchange Fee	\$1,500.00
999	ABCD	-1.20	1,000	Exchange Fee Cr	-\$1,200.00
Total Fees Due					\$300.00

❖ **REPORTS/FILE IMPACTS:**

- **REMINDER: 'Fee Discounts' Report:**
 - This is an Exchange specific report that reflects all fee credits that have been converted to this model, with a 'Discount Description' to itemize each of the discounts applied.
 - This report therefore provides the breakdown of the 'Cr' credit fee types displayed on the Summary reports.
 - As we implement additional iterations of this fee credit model going forward, those discounts will also appear on this new report, in the end creating a **single report** that itemizes all discounts applied.
- **For Phase 3 conversions:**
 - Beginning with March activity, the activity for these converted discounts will now be included on the 'Fee Discounts' report.
 - The CBOT/CME market maker discounts will no longer appear on the legacy 'Market Maker/Targeted Program Discounts' report and the CME Interest Rate Futures back month and bundle discounts will no longer appear on the 'Eurodollar Back Month & Bundle Fee Programs' report. These reports will be removed once February activity rolls off of the available reporting period.
- **REMINDER: Exchange Fee Files**
 - As additional sources for the breakdown of the 'Cr' credit fee types on the Summary reports, the '**Discount Description**' field is also available on the following:
 - Condensed Trade Detail Extract (available via EFS Reports screen)
 - Full Trade Detail Extract (available via FTP) – file layouts are available here: [CBOT and NYMEX/COMEX](#) and [CME](#)

C. Other Exchange Fee Related Items

- ❖ Electronic Rate Card – Plans to provide firms with a machine readable FIXML file for the CME Group fee schedules. The development work is completed for generating the files and we are currently working on a release plan. Partnering with service providers and also engaging firms with proprietary systems. To participate, please reach out to the Exchange Fee team: EFSAdmin@cmegroup.com.
- ❖ Duco service – As a reminder, free of charge for 2 years for CME Group Exchange Fee services. For details, or to begin the onboarding process, firms can reach out to Duco: <https://du.co/cme-group-fee-service#contact-us>.