

# CME Group - Exchange Fee System Updates

## April 2017

Exchange Fee Information on CME Group Website

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

### A. Fee Credit Model for Exchange Fees

- ❖ As announced previously, CME Group is transitioning to a fee credit model for Exchange Fee discounts, 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 is being implemented in a few iterations, addressing the following types of incentives (that are currently calculated within EFS):
  - ✓ Phase 1: October 2016 – Fee Waivers
  - ✓ Phase 2: January 2017 – Market Maker/Targeted Incentive Programs
  - ✓ Phase 3: March 2017 – Market Maker/Targeted Incentive Programs, CME Interest Rate Futures discounts, NYMEX Brent Futures discounts
  - **Phase 4A: May 2017 – CBOT/CME Volume Discounts**
    - **CBOT Other Financials Volume Discounts**
    - **CBOT U.S. Treasury Volume Discounts**
    - **CME Agricultural (Livestock Futures) Volume Discounts**
    - **CME FX Volume Discounts**
  - **Phase 4B: June 2017 – CME Volume Discounts & CME Equity Product discounts**
    - **E-mini Equity Volume Discounts**
    - **Interest Rate Volume Discounts**
    - **FX EFP Volume Discounts**
    - **Nikkei 225 Futures Volume Incentive Program**
    - **Equity Maxi Open Outcry Liquidity Incentive Program**
    - **S&P Floor Calendar Spread Program**
  - Phase 5: Targeted Q3 2017 – NYMEX Day Trades & NYMEX Product Specific Discounts
  - Phase 6: TBD – International Incentive Programs (IIP, IVIP, CBIP, etc.)
- ❖ **Phase 4A Release: May 2017 – CBOT/CME Volume Discounts**
  - The application of the new fee credits will apply for trading activity beginning May 1st. Any resubmissions of prior period activity for March/April will still be applied the old way, as a discounted rate.
  - Following are summary level examples for the volume discounts converted to fee credits:

**EXAMPLE: CBOT U.S. Treasury Futures Volume Discount**

**CURRENT STATE**

Firm ID	Account	Base Rate	Applied Rate	Fee Quantity	Fee Type	Applied Fees
999	ABCD	0.21	0.21	300,000	Exchange Fee	\$63,000.00
999	ABCD	0.21	0.18	100,000	Exchange Fee	\$18,000.00
Total Fees Due						\$81,000.00

**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	0.21	400,000	Exchange Fee	\$84,000.00
999	ABCD	-0.03	100,000	Exchange Fee Cr	-\$3,000.00
Total Fees Due					\$81,000.00

**EXAMPLE: CME FX Volume Discount**

**CURRENT STATE**

Firm ID	Account	Base Rate	Applied Rate	Fee Quantity	Fee Type	Applied Fees
999	ABCD	0.32	0.32	130,000	Exchange Fee	\$41,600.00
999	ABCD	0.32	0.20	70,000	Exchange Fee	\$14,000.00
Total Fees Due						\$55,600.00

**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	0.32	200,000	Exchange Fee	\$64,000.00
999	ABCD	-0.12	70,000	Exchange Fee Cr	-\$8,400.00
Total Fees Due					\$55,600.00

❖ **Report 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. *Note: For Volume Discounts, this report will display only volume that qualified for a discount.*
  - 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.
- **Phasing Out the Old Reports:**
  - To help users easily identify which of the old program/discount reports are no longer applicable, the report names have been updated to reflect their conversion date. Refer to the following examples:

Following CME report is applicable only for trading activity through February 28, 2017:

Report Type
<b>General Reports</b>
<input type="checkbox"/> Across Exchange
<input type="checkbox"/> Brokerage
<input type="checkbox"/> Exchange Specific
<input type="checkbox"/> Fee Summary
Eurodollar Back Month & Bundle Fee Programs through 2/28/2017 ▼

Following CBOT report is applicable only for trading activity through April 30, 2017:

Report Type
<b>General Reports</b>
<input type="checkbox"/> Across Exchange
<input type="checkbox"/> Brokerage
<input checked="" type="checkbox"/> Exchange Specific
<input type="checkbox"/> Fee Summary
Other Financials Volume Discount through 4/30/2017 ▼

- After the conversion date, these old reports will only reflect activity for any prior period adjustments within the specified discount programs.
- Reports will be removed once their conversion date is no longer within the available reporting period.
- **For Phase 4A conversions:** The following CBOT/CME reports have been updated to reflect that they should only be used for activity **through 4/30/2017**:
  - CBOT Other Financials Volume Discount
  - CBOT U.S. Treasury Volume Discount
  - CME Agricultural Volume Discount
  - CME FX Volume Discount

- **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](#)

## **B. Other Exchange Fee Related Items**

- ❖ Electronic Rate Card – Coming Soon!
  - FIXML files of the CME Group Fee Schedules – Targeted go-live in June 2017
  - Will include CBOT, CME, NYMEX/COMEX
  - This is a technology based solution that will require engagement of your back-office vendor and/or technology staff.
  - Test files are available today, located on the secure SFTP folder in the PUB directory, under the subfolder labeled "FEES".
  - Documents will be made available soon with additional details about the files.
  - NOTE: The CME Group Technology Team will be offering an overview to walk through the message layouts and high level concepts for how to ingest the files. Please have your operations/technology team send an email to [EFSAAdmin@CMEGroup.com](mailto:EFSAAdmin@CMEGroup.com) to schedule an overview.
  
- ❖ Duco service – As a reminder, free of charge for 2017 & 2018 for CME Group Exchange Fee services. For details, or to begin the onboarding process, firms can reach out to Duco at <https://du.co/cme-group-fee-service#contact-us>.