



**Asia-Pacific Incentive Program
Questions & Answers
December 2011**

1. What is the Asia-Pacific Incentive Program?

The Asia-Pacific Incentive Program (AIP) is a program that allows banks in the Asia-Pacific region to receive discounted fees for their proprietary trading of CME Group products. Program participants receive discounted fees on CME, CBOT, and NYMEX products as well as COMEX futures for electronic trading only. AIP participants will receive discounted fees through **December 31, 2012**, provided that they satisfy minimum quarterly volume requirements.

2. How does a bank qualify for the program?

To qualify for AIP, a bank must:

- Be located in the Asia-Pacific region.
- Complete an AIP application and be approved by CME Group.
- Execute all trades in the AIP participant's name.
- Register all participating traders who must be owners, bona fide employees or independent contractors of the AIP participant.
- Have a relationship with a CME Group clearing member.

3. What trading fees are charged by CME Group to AIP participants?

The following fee schedule has been effective since **August 1, 2011**. Please refer to the most updated fee schedule at <http://www.cmegroup.com/fees> for more detail on fees for this program as well as fees for products not listed below.

Product Category	Electronic Trading All-In Fees [per side]
<u>CME Products</u>	
CME E-mini Equity Index Products	Futures: \$0.75 Options: \$0.44
CME Full Size Equity Index Products	\$1.50
CME Interest Rate Products	\$0.44
CME Foreign Exchange Products	\$1.00
CME Agricultural Products	Futures: \$1.50 Options: \$0.81
<u>CBOT Products</u>	
CBOT mini Equity**	\$0.75
CBOT Full Size Equity	\$0.90
CBOT Interest Rates	\$0.44
CBOT Agricultural Products	\$1.35
<u>NYMEX Products</u>	
NYMEX Division - CME Globex (Physicals)	\$1.00
<u>COMEX Products</u>	
COMEX Division - CME Globex (Physicals) – Futures only	\$1.00

**For CBOT Mini Dow product only

Minimum Volume

4. Is there a minimum volume requirement in order to continue as an AIP participant to receive reduced fees?

Yes, AIP participants that trade on average 50 contracts (sides) a day in the previous quarter will continue to be eligible to participate in the program. For continued eligibility, AIP participants will be re-evaluated on a calendar quarter basis (March, June, September and December) for the previous 3-months of trading. AIP participants that fail the minimum quarterly volume requirement will no longer qualify for the AIP and will receive non-member/customer rates on all their trading activity going forward.

5. How is AIP average daily volume calculated for meeting the minimum quarterly volume requirement?

For each quarter, CME Group sums the overall CME Group sides traded through accounts held by the AIP participant and registered in CME Group's Exchange Fee System (EFS) 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.

6. How is an AIP average daily volume calculated if the AIP 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 an AIP participant during the quarter.

7. When will the non-eligibility status and fee changes go into effect if the AIP participant fails to meet the minimum quarterly volume requirement?

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

For instance, if an AIP participant averages below 50 contracts (sides) a day for the first quarter of 2012, the AIP status and fees will change effective April 15, 2012. For the period April 1 through April 14, the participant will retain AIP status and receive the reduced rates. On and after April 15, the AIP participant will no longer qualify to be in the program and will receive non-member/customer rates on all future trades.

8. Will CME Group notify the AIP participant or the clearing firm of its failure to meet the minimum quarterly volume requirement?

Yes. CME Group will notify all AIP participants failing the average minimum quarterly volume requirement. Additionally, CME Group will do its best to notify the AIP participant's clearing member firms through direct communication (e.g. e-mail) that the entity no longer qualifies for the AIP. However, the expiring AIP participant is responsible for communicating with its clearing member firms the change in its AIP status.

9. Can a former AIP participant that failed the minimum quarterly volume requirement re-apply under AIP?

Yes. If the firm chooses to re-apply, the firm must follow the application process, including payment of the \$2,000 non-refundable application fee.

10. Can a current AIP participant or former AIP participant that failed the minimum quarterly volume requirement become a CME Group Rule 106.H. Trading Member Firm?

Yes.

Process

11. How do firms apply for the AIP?

Firms wishing to apply for AIP should contact the Audit Department at 312.930.3230 or CME Group's Asia office in Singapore at +65-6593-5555. You may also send an e-mail to cmeasiateam@cmegroup.com. Staff at these offices can provide you with additional information and assist you through the application process.

12. 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.

13. Do banks applying for the AIP have to submit financial statements?

Yes. As part of the supporting documents required with the AIP application, banks are required to submit their certified financial statements. If a certified financial statement is not available, AIP applicants may submit any published financial statement with its application including those published on its Web site. All financial statements submitted must be in English.

14. 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 membership.

15. If my firm is approved as an AIP participant, does it still need a clearing firm?

Yes. All trades at CME Group are done through CME Group clearing member firms. All AIP participants must maintain their own separate account on the books of a CME Group clearing member firm for their proprietary trades. AIP accounts may not be maintained in a non-disclosed omnibus account.

16. How will my clearing firm be notified that my firm has been approved in the AIP program?

While we will do our best to notify the appropriate staff at any clearing firms you have included in your AIP application, the responsibility to inform your clearing firm remains with you. Because the AIP discounted rates will be applicable at any clearing firm you utilize, 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. We encourage customers to notify their clearing firms about their intention to apply for this program as early as possible

17. How does a clearing firm register an AIP firm in order to receive the discounted fees?

Both the workstation operator ID and the account must be registered within fee system in order to receive the reduced rates. Also, the assigned workstation operator ID must be included on each electronic transaction in order to receive the discounted fees. The registration must reflect which exchange(s) the AIP participation is for since operator ID registration is across exchanges. If these requirements are not met, non-member rates will apply.

The AIP firm's clearing firm must ensure that a unique workstation operator ID is assigned to each trader. Then the clearing firm fee administrator must register both the account and the trader's workstation operator ID (also known as the Tag 50 ID) in CME Group's Exchange Fee System. Both the account and operator ID must be associated to the appropriate AIP participant.

For the operator ID registration, the following information is required:

- Workstation Operator ID (Tag 50)
- Trader Name
- Date of Birth (MM/DD/YYYY)
- Trading Location (Country of primary residence)
- Email address (optional)

Other Information

18. Can a bank participate in AIP if it transfers its open positions to SGX using Mutual Offset?

Yes.

19. Can the Asia-Pacific branch offices of banking groups headquartered outside of the Asia-Pacific region participate?

Yes.

20. Can the non-Asia-Pacific branch offices of groups headquartered in the Asia-Pacific region participate?

No.