



**CME High Velocity CTA/Hedge Fund Pilot Program  
Questions & Answers  
February 2011**

**1. What is the High Velocity CTA/Hedge Fund Pilot Program?**

CME's High Velocity CTA/Hedge Fund Pilot Program allows participating hedge funds and commodity trading advisors (CTAs) to receive discounted fees for their CME electronic Foreign Exchange (eFX) trades that are executed on the CME Globex trading platform.

**2. When does this program expire?**

Program was extended through December 31, 2011; at that time CME will evaluate and determine whether to continue the program.

**3. How does a CTA or hedge fund qualify for the program?**

To qualify for the program, CTAs and hedge funds must:

- Have more than \$50 million in assets under management (including both pooled investment vehicles and managed accounts);
- Complete a High Velocity CTA/Hedge Fund Pilot Program application and be approved by CME;
- Have a relationship with a CME clearing member; and,
- Exceed 125,000 eFX sides per month to receive the fee discount; fee discounts will only apply in the months where this threshold is exceeded.

**4. What trading fees are charged by the Exchange for trading by a High Velocity CTA/Hedge Fund Pilot Program participant?**

Effective January 1, 2011, trades done by a High Velocity CTA/Hedge Fund Pilot Program participant will be charged an all-in fee of sixty-four cents (\$0.64) per side when the participant exceeds a volume threshold of 125,000 sides in a given month.

This volume threshold and the associated fee discounts are applied only to the CTA/Hedge Fund's accounts that are not currently receiving member rates. In months where the participant does NOT exceed the volume threshold, the participant will be charged the current customer fees of \$1.60 per traded side. The fee breakdown for how this will be administered in the Exchange Fee System is listed below for reference.

**NOTE:** Prior to January 1, 2011, the all-in fee for qualified participants that exceeded the monthly threshold was sixty cents (\$0.60) per side.

CME eFX Products	Standard Fees for Non Participant OR Thresholds Less Than 125,000	Expired On December 31, 2010	Effective January 1, 2011
		Participant that Exceeds 125,000	Participant that Exceeds 125,000
CME Globex Fee	\$1.00	\$0.00	\$0.00
CME Clearing Fee	\$0.60	\$0.60	\$0.64
<b>Total</b>	<b>\$1.60</b>	<b>\$0.60</b>	<b>\$0.64</b>

This all-in fee of sixty-four cents (\$0.64) per side allows qualified program participants to trade CME eFX at a 60 percent discount over current CME fee rates.



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**5. From an operational perspective, how will the volume threshold be calculated and how will the discount fees be applied?**

The CTA/Hedge Fund's qualified volume will initially be charged the standard customer all-in fee of \$1.60 per side. On a month-to-date basis, CME will evaluate whether the qualified volume exceeded 125,000 sides for that month. If the 125,000 volume threshold has been exceeded, all of the CTA/Hedge Fund's qualified volume will be re-priced at the all-in fee of \$0.64 per side.

NOTE: Volume accumulation is done at the account owner level (*for accounts that have been registered with the exchange*), across clearing member firm.

**6. When will the discount fee become effective?**

Eligible CTA/Hedge Fund accounts will be entitled to preferential High Velocity CTA/Hedge Fund Pilot Program Rates when the proper documentation is received and accepted by CME.

Preferential trading fees will not be applied earlier than CME's approval date. Additionally, volume in accounts provided to the CME after the CTA/Hedge Fund's application approval will be eligible for reduced fees from the date the additional accounts are received and approved by the CME and not before.

The CTA/Hedge Fund participant is responsible for providing accurate clearing firm and account information to CME in order to receive the preferential rates, including changes made to existing or additional accounts added after initial approval.

The participant must also advise all clearing member firms carrying their CTA/Hedge Fund account(s) that they have applied for the CME High Velocity CTA/Hedge Fund Pilot Program and may be receiving preferential rates when the application is approved.

**7. Will participants in the High Velocity CTA/Hedge Fund Pilot Program receive the sixty-four cent (\$0.64) per side rate for any other products other than FX futures and options on futures?**

No. The High Velocity CTA/Hedge Fund Pilot Program is for electronic trading of FX products only. Standard fees will apply in other products.

**8. Will participants in the High Velocity CTA/Hedge Fund Pilot program receive the discounted fee for all of their FX trades traded electronically?**

Qualified participants will receive the reduced fee on all eFX trades for accounts registered with CME and approved by CME for each month they exceed the 125,000 side per month threshold.

Please note that that the fee discount as well as the 125,000 threshold will be applied only to the CTA/Hedge Fund's accounts not currently receiving member rates.

In addition, hedge funds will only receive the reduced fees for accounts solely owned by the hedge fund. CTAs will only receive discounts on accounts of pooled investment



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vehicles and managed accounts solely managed by the CTA (i.e., individual managed accounts for whom the CTA has power of attorney for the sole purpose of trading.)

**9. Are there any geographic restrictions on participation?**

No. This is a global program and all qualified participants are eligible.

**10. Can a CTA of an existing member apply for the High Velocity CTA/Hedge Fund Pilot Program?**

Yes. CTAs for existing members/ member firms are eligible to participate in the High Velocity CTA/Hedge Fund Pilot Program.

Not that the volume threshold and associated fee discounts will be applied only to the CTA/Hedge Fund's accounts that are not currently receiving member rates.

**11. How do CTAs and hedge funds apply for the High Velocity CTA/Hedge Fund Pilot Program?**

To receive an application or for any additional information you may contact the following:

Main Contact and Application Approver:

Scott Brusso, Director, FX Products

Phone: 312-930-3133

Email [CTA\\_HF\\_Pilot\\_Program@cmegroup.com](mailto:CTA_HF_Pilot_Program@cmegroup.com)

You can also obtain the application from our website, the direct link is below.

<http://www.cmegroup.com/company/membership/membership-resources.html> in "Other Forms" section

You can return hard copy applications:

**By Mail:**

FX Department

Attn. Scott Brusso, Director, FX Products

CME Group

20. South Wacker Dr.

Chicago IL, 60606

**By Fax:**

FX Department

Attn. Scott Brusso, Director, FX

Products

Fax # 312-454-7786

If you are located outside of the U.S., you may also receive information about this program from our international offices. CME staff at these offices can provide you with additional information and assist you through the application process:

**Europe, Middle East, & Africa (EMEA)**

Will Patrick, Assoc Dir FX Products

Phone: + 44 20 7796 7100

Email [CTA\\_HF\\_Pilot\\_Program@cmegroup.com](mailto:CTA_HF_Pilot_Program@cmegroup.com)

**Asia-Pacific**

KC Lam, Director FX Products

Phone: +65 6550 9612

Email [CTA\\_HF\\_Pilot\\_Program@cmegroup.com](mailto:CTA_HF_Pilot_Program@cmegroup.com)