



**Application for Latin America Commercial Incentive Program
("LACIP")
Agreement for LACIP Participation**

1. Applicant _____
2. Indicate other CME Group Inc. memberships or incentive programs applied for, currently held or previously held.

3. Please include a Non-Refundable Application Fee of \$500. Checks should be made payable to CME Group Inc.

Completed applications along with all supporting documentation and the Application for Latin America Commercial Incentive Program – Corporate Information should be submitted to:

CME Group Inc.
Audit Department
20 S. Wacker Drive
Chicago, IL 60606



Attestation, Authorization and Agreement for Latin America Commercial Incentive Program (“LACIP”) Participation

On behalf of my organization, I make this application for LACIP on CME Group Inc.

I represent that my organization meets all of the requirements for LACIP which is applied for.

I do hereby agree that, if my organization is accepted as an LACIP firm of CME Group Inc., it will comply with and agrees to be bound by the Bylaws, Certificate of Incorporation, Rules and Regulations of CME Group Inc. and all amendments thereto.

I represent that my organization meets all of the requirements for LACIP as outlined in CME Group Inc.’s LACIP Questions & Answers located on CME Group Inc.’s website at www.cmegroup.com. I further acknowledge and agree to abide by the requirements for such LACIP participation including the requirements of LACIP firms and to abide by CME Group Inc.’s Fee Policy Bulletins located on CME Group Inc.’s website at www.cmegroup.com regarding firm trading policies. I also agree to comply with all of the rules of CME Group Inc. I further represent that all current and future trading activity of my organization will conform to the requirements for such trading activity established by CME Group Inc.

I authorize CME Group Inc. to obtain information from sources that CME Group Inc. deems appropriate in order to adequately evaluate and process this application.

I attest that the information provided in this Application and the Application for Latin America Commercial Incentive Program Participation – Corporate Information is accurate and complete. I further acknowledge that confirming inaccurate and/or incomplete information may subject me to CME Group Inc. disciplinary action and/or penalties.

Signed and accepted by a duly authorized representative of _____.
(Organization)

Signature

Print Name

Title

Date

CME Group Inc.
Latin America Commercial Incentive Program
Firm Trading Attestation

(CME Group Inc. Latin America Commercial Incentive Program Firm)

The trades of a CME Group Inc. Latin America Commercial Incentive Program (“LACIP”) firm may receive preferential fee rates – less than charged to non-member customers. Only the entity maintaining LACIP status is entitled to the preferential fees on its LACIP firm trades. The reduced fee benefit does not flow downward to 100% owned subsidiaries or to affiliates of the LACIP firm.

In order for LACIP firms to receive preferential fees on CME Group Inc. trades, all trading activity must be conducted in accordance with the Questions & Answers Guide for LACIPs and must be in accordance with CME Group Inc.’s Fee Policy Bulletins which can be found on CME Group Inc.’s website at www.cmegroup.com.

Requirements (Absolutes)

An LACIP firm trading account is evidenced through:

- Account must be held in the name of a commercial agricultural, energy or metals firm involved in the physical commodity markets (defined as a firm whose primary business involves at least one of the following: extracting, growing, processing, refining and/or merchandising of commodities). Please provide information justifying this status, for example any agricultural association membership, annual report, etc.
- The financial benefit and risk shall be solely of the LACIP firm – only firm capital is at risk of loss.
- No non-owner traders may make any contributions or payments to the LACIP firm or LACIP firm trading account nor have any capital at risk in connection with their trading of the LACIP firm account.
- All contributions by owners of the LACIP firm are subject to risk of loss from any and all trading and business activities of the firm.
- All profits and losses of the LACIP firm account are written off to the income of the LACIP firm and are taxed to the LACIP firm in accordance with applicable regulations.
- All trading must be done in LACIP firm trading accounts held in the name of the LACIP.

Further, LACIP trading activity must be conducted by traders located in Latin America that are:

- Bona-fide employees of the LACIP; or
- Independent contractors of the LACIP; or
- Bona-fide owners of the LACIP; or
- Registered Commodity Trading Advisors (“CTAs”), exempt CTAs under CFTC Regulations 4.14(a)(4), 4.14(a)(5), 4.14(a)(8)(i)(D) or 4.14(a)(10), and Investment Managers authorized by the Financial Services Authority (“FSA”).

All LACIP traders must be assigned unique trader IDs, those IDs and the associated LACIP trader must be appropriately registered in CME Group’s Exchange Fee System and all Globex trades (orders) must be identified with the registered ID of the trader executing the trade.

CME Group Inc.
Latin America Commercial Incentive Program
Firm Trading Attestation

In addition, LACIP firm trading must meet the following requirements:

- Traders cannot be responsible for losses beyond their share of profits earned and maintained in the account which have not yet been distributed to the trader.
- The firm must be allocated both a portion of the profits and losses of the LACIP firm account.
- The profit split on agreements with any trader, including owners acting as traders, may not exceed 80/20 (i.e. 80% to the trader/20% to the firm).
 - For LACIP firm trading conducted by a team of traders, the profit split to the team in total may not exceed 80/20 (i.e. 80% to the trader team/20% to the firm).
 - Further the 80% limit on profit splits to a trader or team of traders includes any individual who has a specific interest in its profitability including those involved in the training/supervision of the account(s) and/or trader(s).
- Non-owner traders cannot leave their share of profits in the firm for greater than two years without becoming an equity owner.
 - Non-owner trader's share of capital in an account may not exceed the trader's share of net profit/loss in the previous 24 month period.
 - If a trader leaves their share of any profits in the account for greater than two years, they must become an equity owner.
- The firm is prohibited from:
 - Setting minimum account balances for its traders.
 - Charging margin on positions to traders.
 - Charging fees on draws taken by traders.
 - Requiring or accepting security deposits from its traders.

Best Practices

CME Group Inc. recognizes that certain business practices may be utilized when conducting customer business as well as LACIP firm trading activities. The Best Practices were established to allow firms to utilize certain business practices (most not allowed in the past) which are generally prohibited. In order to do so, the LACIP firm must clearly demonstrate to CME Group Inc. their application of these non-compliant practices is not inconsistent with CME Group Inc.'s goal of providing preferential fees only for LACIP firm trading activity. Such practices will be reviewed individually and in the aggregate in relation to the firm's entire trading activities and operation.

Review of such non-compliant practices will reflect the following key principles of CME Group Inc's LACIP firm trading policies. First and foremost, the trading activity eligible for preferential fees must be conducted for the account and sole benefit of the LACIP firm itself. The trading activity of individual customers/traders conducted in the name of the firm is not eligible for discounted LACIP firm fees to prevent the "selling" of LACIP firm rates. Further, an LACIP firm may only profit/benefit from the LACIP firm trading activity through the performance of the trade and not from any other source such as a commission or charge for trade execution.

Non-compliance with the Best Practices below is generally prohibited as it is indicative of the selling of rates and/or profiting from sources other than the performance of the LACIP firm trade. As such, while the Best Practices are not absolutes as the Requirements are, any non-compliance of the Best Practices will be carefully reviewed with the burden of responsibility on

**CME Group Inc.
Latin America Commercial Incentive Program
Firm Trading Attestation**

the LACIP firm to clearly support and demonstrate to CME Group Inc.'s satisfaction that the trading is of the LACIP itself. Under limited circumstances in reviewing the totality of the LACIP's trading operations and the violative practice(s), CME Group Inc. may deem the LACIP's trading activities in accordance with our policies for LACIP trading activity that is eligible for LACIP fees.

Please check the box next to each practice which you do not comply with regarding your LACIP firm trading:

- The firm may not charge interest on debit balances to traders nor may it pay interest on credit balances to traders except where an options trading strategy is utilized in which interest on the premium is a key component of the overall profitability of the strategy.
- The firm may not pay interest on holdbacks where holdbacks are permitted.
- The firm may not pay interest on capital contributions.
- The firm may not allocate expenses to trades or traders in excess of actual direct and indirect expenses of the individual LACIP firm trades or traders. Only actual expenses incurred may be allocated – a mark up on expenses is not permitted. Further, opportunity costs may not be allocated. LACIPs must maintain and provide adequate supporting calculations and documentation of such allocated expenses and their reasonableness.
- A firm may not charge a fee for capital usage to individual traders of the firm's accounts.
- A firm may not charge a fee for the cost of capitalizing the firm (and thus the firm's trading accounts) to individual traders.
- Individual owners and investing LLCs (as permitted) of an LACIP may not have a specific interest in the profitability of an LACIP account or group of accounts other than an LACIP account that the individual owners or owners of the investing LLC trade or provide direct supervision/training to.

I represent that all current and future LACIP firm trading activity of my organization, an LACIP firm, receiving preferential clearing fee rates will conform to the requirements for such trading activity established by CME Group Inc.

I attest that the above information is true and correct. I further acknowledge that confirming incorrect information may subject me to CME Group Inc. disciplinary action and/or penalties.

Signed and accepted by a duly authorized representative of my organization.

Signature

Print Name

Title

Date

DESIGNATED SPOKESPERSON AND AUTHORIZED SIGNOR ACKNOWLEDGEMENT

CME Group Inc. requires that firms designate a representative who shall be authorized to deal with the CME Group with respect to the membership owned or leased by the firm, as applicable and who shall be authorized to represent the Latin America Commercial Incentive Program (“LACIP”) firm before CME Group Inc. Such authorized representative shall be responsible to CME Group Inc. as if such person was a member as defined by Rule 400.

LACIP Firm Name _____

Address _____

City _____ State _____ Country _____ Zip Code _____

Phone Number _____ Tax I.D. # _____

Email Address* _____

Name and Signature of Officers Authorized to act on behalf of the firm:

Name (please print)	Signature	Designated Spokesperson	Authorized Signor
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	_____	<input type="checkbox"/>	<input type="checkbox"/>

Signature

Print Name

Title

Date

*General Correspondence will be sent electronically.