



**New Trader Incentive Program (NTIP)  
Questions & Answers  
May 2012**

**Program Description**

**1. What is the New Trader Incentive Program (NTIP)?**

The New Trader Incentive Program (NTIP) provides fee waivers for **new** traders associated with proprietary trading firms and trading arcades located in CME Group approved countries. Qualified registered traders can obtain fee waivers for **electronic** proprietary trades of qualified products in accordance with CME Group policies. The NTIP is designed to encourage the development of new traders with no experience of CME Group.

**2. What are the benefits offered under the NTIP?**

Electronic volume transacted by eligible **new** traders can qualify for a fee waiver covering up to a maximum of 50,000 sides.

Qualified **electronic** trading activity will be accumulated as one product exchange when determining if threshold levels have been met in order to receive fee waivers. Exchange\* and Clearing fee waivers will apply to **each approved trading site and new trader** that is registered within the Exchange Fee System of up to a **maximum** of 50,000 sides per **new\*\*** trader through the duration of the program ending December 31, 2012.

*\*Exchange Fee is equivalent to the Globex Fee on the CME Fee Schedule*

*\*\* New Trader requirement—see Question 9*

**3. Is there a time limit on the 50,000 free trades?**

Yes, traders will have 9 months from their date of registration to use their free sides or upon termination of the program.

**NOTE:** For those traders who are currently in the program the 9 month window does not reset with the program's extension from April 30, 2012 to December 31, 2012. Rather traders will be rolled into the renewed program with the remaining free sides to be used within 9 months of their registration date. (E.g. If a trader has used 25,000 free sides by April 30, 2012, and was registered on January 1, 2012, that trader will have 25,000 free sides to use by September 30, 2012)

**4. What products qualify?**

Effective with the original start date of May 1, 2011, CME, CBOT, NYMEX futures and options traded on CME Globex are eligible for the NTIP. COMEX futures products are also eligible.

**5. When did NTIP become effective?**

The program began May 1, 2011, and has been extended through December 31, 2012.

#### **6. What will happen when the program expires?**

All future sides executed by traders previously participating in the NTIP will be charged standard transaction fees consistent within the fee category of the account owner, trader and product based on the then current CME Group fee schedules.

#### **7. Is the program restricted to specific trading hours?**

No. Trading on CME Globex is available virtually 24 hours a day, 6 days a week. NTIP firms may take advantage of the fee waivers at anytime during the day or night. For a complete list of CME Group products and trading hours, please see [www.cmegroup.com/trading\\_hours](http://www.cmegroup.com/trading_hours)

#### **8. What is the definition of CME Group approved location?**

For the purposes of NTIP, CME Group has defined approved locations by exclusion. CME Group has sole authority to determine whether a location is, or is no longer, considered to be an approved emerging market location for NTIP. A list of excluded countries is attached in **Appendix A**. Each firm's participation in the NTIP will be evaluated based initially on the chosen location.

### **NTIP Requirements**

#### **9. What are the requirements for traders who want to receive the fee waiver benefits of the NTIP?**

The purpose of the NTIP is to assist Proprietary Trading Firms in the development of new traders, in the designated locations defined by CME Group.

Therefore, to benefit from the fee waiver individual participants must:

- Be **new** to CME Group derivatives trading and recruited locally.
- Possess less than one year's experience of other derivative exchanges.
- Be trading using the facilities of the NTIP firm and those facilities must be located in a country designated as a CME Group approved location.
- Be undergoing or have undergone the respective training program that provides an overview of CME Group products.
- Agree to receive CME Group marketing information via postal mail or email.
- Be actively trading with discretion. **NOTE:** Traders who are operators of bespoke automated trading systems are not eligible for the fee waiver.
- Traders who use automated strategies from 'off the shelf' software via approved CME Group ISV's are eligible for the fee waiver.
- Traders must submit a fully completed Individual Trader application to CME group personnel with a photocopy of passport or equivalent photo ID. There will be no exceptions to this rule.

#### **10. What are the obligations of a firm participating in the NTIP?**

NTIP firms and CME Group will work together to develop trading interest in CME Group markets in these emerging market countries. Specifically, an NTIP firm is obligated to make available to CME Group:

- Each Individual Trader application must be submitted to CME Group personnel as detailed in point 20. There will be no exceptions to this rule.
- Their management on at least a quarterly basis to meet with CME Group representatives, at CME Group's request, to review their participation in the program, overall trading activity and status of registered traders.
- Their traders for education on CME Group markets from a CME Group representative or designate.
- The opportunity to review their trader education programs.
- A list of all registered traders who are actively trading to be sent to CME Group on a quarterly basis.
- All other necessary and reasonable information to determine the entity's eligibility to participate in the NTIP.
- An update to their clearing firm and CME Group regarding traders who are no longer with the firm so they can be de-registered from the program within CME Group's Exchange Fee System within two weeks of their departure from the firm.

#### **Firm Eligibility**

#### **11. What status must my firm have to be able to apply for the NTIP?**

To apply for the NTIP, a firm must be either a proprietary trading firm or trading arcade which is located in a CME Group approved location and approved as either a member or incentive program participant within CME Group (CME, CBOT, NYMEX or COMEX).

CME Group shall have sole authority to determine whether an entity is, or is no longer, eligible for the NTIP

#### **12. Are a single entity's multiple branches or offices (i.e. "sites") also eligible to be NTIP participants?**

Yes, an entity can have multiple branches or offices (i.e. "sites") that are eligible to be NTIP firms.

**Note:** A single NTIP firm is defined for all branches or offices of an entity that are located in a single city in a CME Group approved location. Therefore, only one firm application is required per single city.

## **Trader Eligibility**

### **13. Are there any restrictions on who may trade an NTIP's trading accounts?**

Yes. To receive fee waivers, trades must be done by registered, qualified, new traders.

### **14. If I am an individual trading my own proprietary account, can I qualify for the program?**

No. The program is specifically designed to provide fee waivers to proprietary trading groups and trading arcades.

## **Registration - Application/Approval Process**

### **15. How do firms apply for the NTIP?**

Firms wishing to apply for the NTIP should contact a member of the CME Group Products & Services team listed below. The application forms can be found on CME Group's Web site at [www.cmegroup.com/incentives](http://www.cmegroup.com/incentives). Upon completion, both the firm application AND trader applications need to be submitted to one of the staff below. Once received, they will be reviewed and upon approval, submitted for entry into the Exchange Database (EDB). Once this is done, firms will be notified by CME Group to instruct their clearing firms to make the necessary entries into the fee system for both firm and traders to begin receiving the benefits of waived fees.

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

Matthew Judge: [Matthew.Judge@cmegroup.com](mailto:Matthew.Judge@cmegroup.com)

44 20 3379 3730

#### **Asia**

Darren Anthony: [Darren.Anthony@cmegroup.com](mailto:Darren.Anthony@cmegroup.com)

(65) 6593 5567

#### **Latin America: (& other locations outside of EMEA/Asia)**

Charles Farra [Charles.Farra@cmegroup.com](mailto:Charles.Farra@cmegroup.com)

(312) 930-2319

### **16. If my firm is approved for the NTIP and I want to add additional 'sites' to the NTIP, what do I need to do?**

An NTIP application form will be required for each site to be reviewed and approved by CME Group.

### **17. Are there any application fees?**

No.

### **18. If my firm is approved as a NTIP firm does it still need a CME Group clearing member firm?**

Yes. All trades at CME Group are done through CME Group (CME, CBOT, NYMEX or COMEX) clearing member firms. All NTIP firms must maintain their own separate account on the books of a CME Group clearing member firm for their proprietary trades. NTIP firm accounts may not be maintained in a non-disclosed omnibus account.

**19. How will my clearing member firm be notified that my firm has been approved as an NTIP firm?**

While we will do our best to notify the appropriate staff at any clearing firms you have included in your application, the responsibility to inform your clearing firm(s) remains with you. Because the NTIP fee waivers could be applicable at any clearing firm you utilize, you need to notify them so they can register your accounts and trader IDs within the Exchange Fee System (EFS). 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.

**20. If our firm uses multiple clearing firms or changes clearing firms once approved, do we need to submit an additional application?**

No, but if an approved NTIP firm changes or adds clearers, it is the responsibility of the NTIP firm to inform their clearing member firm that the firm is approved for the NTIP so the clearer can register trader and account details in EFS. In addition, they need to send a letter to the CME Group Products & Services team member for their respective region as detailed in point 15, notifying the Exchange of the names of additional clearing firms.

**21. If our firm wants to add additional new traders to NTIP, what must we do?**

The Trader Application form (**Schedule B**) is attached to the NTIP application. The trader's information must be submitted to the CME Group Products & Services team member for their respective region as detailed in point 15 and the clearing firm, so that the clearing firm can update the fee system with the trader information to ensure fee waivers are applied. Fee waivers will not occur until the NTIP firm site is approved and their clearing firm has registered the trader within the appropriate site properly within the Exchange Fee System.

**Registration - Exchange Fee System Registration Process**

**22. How does a clearing firm register an NTIP participant in order to receive the fee waivers?**

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. If these requirements are not met, fee waivers will **not** be applied.

The NTIP participant'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 NTIP participant. If your NTIP participant is not listed for association in the fee system, please contact CME Group's Fee Hotline at 312.648.5470.

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

- Workstation Operator ID (Tag 50) ---this must be one unique ID to cover both exchanges.
- Trader Name
- Date of Birth (DD/MM/YYYY)
- Trading Location (Country where trading is done)
- Email address

**23. Once approved, how does an NTIP firm and its participants receive NTIP fee waivers?**

Applicants will begin receiving NTIP fee waivers once approved by CME Group under the terms of the NTIP and when their eligible accounts and traders are properly registered by their clearing firm within CME Group's Exchange Fee System (EFS).

Proper registration within EFS includes each individual trader's unique workstation Operator ID (e.g. Tag 50) to cover CME, CBOT, NYMEX and/or COMEX and account information for all CME, CBOT, NYMEX and/or COMEX activity.

**NOTE:** NTIP participants will not receive retroactive NTIP fee waivers for trades executed prior to both approval and proper registration within the fee system. Therefore, CME Group strongly encourages NTIP firms to work closely with their clearing firms to ensure the necessary approvals are received and fee system registration occurs on a timely basis

In addition, if it is determined that a trader registered for NTIP is using more than one Operator ID (Tag 50), **the firm will be subject to the assessment of fees previously waived and the firm will no longer be able to participate in the program.** Please refer to the Market Regulation advisories on cmegroup.com for requirements on operator ID registration.

**24. What do I need to do if a registered trader leaves a participating firm?**

It is the responsibility of the participating NTIP firm to request that its clearing firm(s) expire traders from the program within two weeks of leaving the firm and inform their CME Group Products and Services account manager that the trader is no longer in the program.

**Fees**

**25. What happens after a new trader at an NTIP registered firm hits the program volume cap of 50,000 sides?**

Once a new trader of an NTIP firm hits his/her total volume cap of 50,000 sides, all future sides executed by that trader will be charged standard transaction fees consistent within the fee category of the account owner, trader and product based on the then current CME Group fee schedules.

**NOTE:** As referenced in question #3, the 50,000 free trades per trader expire after 9 months from the date the trader is registered in the fee system.

**26. If an eligible new trader gives-up their trades, will those trades be eligible for the fee waiver?**

No, give-up transactions are not eligible for NTIP.

**27. Can I transfer my positions to SGX via the Mutual Offset System (MOS)?**

No. Contracts traded under the NTIP must be held (and offset) in the CME Group Clearing House. Open positions cannot be transferred to SGX under the MOS arrangement and still receive fee waivers.

## **Appendix A**

### **Countries Excluded from CME Group's NTIP**

Canada

USA