CME CLEARING EUROPE LIMITED

DISCOUNTS AND REBATES

CMECE has the following types of discount or rebate schemes:

1. **OTC Commodities Broker Incentive Scheme**

CMECE applies the following arrangements in relation to incentivising OTC commodities brokers who agree to provide market prices for the purposes of establishing settlement data.

(1) The Clearing House shall pay an Eligible Participant 25% of net transaction fees charged to, and received from, a Clearing Member in regard to each Eligible Transaction submitted by the Eligible Participant. The Clearing House shall pay an Eligible Participant 25% of net transaction fees that would otherwise have been paid by a Clearing Member for contracts subject to the fee waiver.

Brokers are reminded to disclose any payment and the terms on which it is made and accepted pursuant to this notice and to maintain any records relating to the payments made and accepted as required by any Applicable Law.

The Clearing House shall make payments to Eligible Participants within 30 calendar days of the end of each quarter in relation to Eligible Transactions during the preceding quarter.

The Clearing House in its sole discretion shall decide any disputes arising about the identity or affiliation of a broker entitled to the payment under the Broker Incentive Programme.

(2) Any broker on the CME Inc. ClearPort Clearing System who:

   (a) physically enters orders or transactions into CME Inc. ClearPort Clearing Systems; and

   (b) provides to CME Group Global Operations such daily market prices relating to Eligible Transactions (as defined below) that the Clearing House requests; and

   (c) does not engage in conduct deemed by the Clearing House, in its sole discretion, to have an adverse effect on the Clearing House or which is otherwise contrary to the best interests of the Clearing House; and

   (d) has completed and submitted ClearPort registration form at: [http://www.cmegroup.com/info_forms/registration/europe/cmeceEula.html](http://www.cmegroup.com/info_forms/registration/europe/cmeceEula.html) and agreed to the Clearing House’s Website terms and conditions; and

   (e) has all necessary authorisations, licences, consents and other approvals required to submit transactions to the Clearing House in any jurisdictions in which it is incorporated or otherwise constituted or carrying on business;

will be an Eligible Participant.

An order entered into CME Inc. ClearPort Clearing Systems by an Eligible Participant on behalf of its client (i.e. not on its own account or a proprietary account) which has been accepted for

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1 In this notice, capitalised terms which are not defined herein have the same meaning set forth in the CMECE Rules and Procedures.
clearing by the Clearing House and novated in accordance with chapter 5 of the Rules will be an Eligible Transaction.

2. IRS Dealer Founding Members Rebate Scheme

CMECE applies the following arrangements in relation to Fees with regard to clearing members which are defined as Initial Dealer Founding Members or Additional Dealer Founding Members:

(1) **Fee cap**: Fees payable by the Dealer Founding Members for clearing are capped with respect to the period beginning on the launch of IRS Clearing in year one at GBP 1,750,000, with respect to the year two at GBP 2,500,000, and every subsequent year at GBP 3,000,000.

(2) **Fee floor**: Fees payable by the Dealer Founding Members are set at a minimum (floored) with respect to the period beginning on the launch of IRS Clearing in year one at GBP 100,000, with respect to the year two at GBP 600,000, and every subsequent year at GBP 1,200,000.

(3) **Clearing revenue share**: the Dealer Founding Members will receive a percentage of certain revenues earned by CMECE during each measurement period. The percentages and the way in which they are shared between the Dealer Founding Members depend on the number of Dealer Founding Members which have entered into the Agreement and the allocation they have agreed. Each measurement period shall have a single percentage applicable.
In addition to the above, CMECE had in place the following arrangements, which are currently ongoing but which are no longer available to those who were not participating as at 31 July 2014.

1. **IRS Client Incentive Programme**

CMECE applies the following arrangements in relation to fees with regard to OTC IRS clearing to Clearing Members who have submitted on-boarding documentation to CMECE on behalf of its Client by 31st July 2014 and by which a Client must have opened one of CMECE’s EMIR compliant accounts – Omnibus Segregated Account or Individually Segregated Account.

The waiver is effective from the date each Client is subject to the mandatory clearing obligation under Article 4 of EMIR for 12 months from that date. Clients who clear before their mandated start date for Clearing will have the waiver period extended from the date of their first qualifying transaction as determined by CMECE. During the initial fee holiday, fees for clearing IRS Corresponding Transactions on behalf of Clients will not be charged.

For these purposes, fees include the following components:

(a) Transaction Fees (New Trade);
(b) Transaction Fees (Backloading); and
(c) Maintenance Fee - Standard Fee Schedule or Monthly Charge - High Turnover Schedule, as applicable.

Following the expiry of the initial fee holiday, there will be a 25% discount for all OTC IRS fees for such qualifying Clients for the next twelve months.

2. **CMECE Fully Segregated Account**

CMECE received Bank of England non-objection on 17th April 2014 to offer a Fully Segregated Account (FS Account) to its clients.

The account structure involves a Central Securities Depository (CSD) holding collateral on behalf of a Client of CMECE that relates solely to the Client. More information can be provided on request.

The waiver is effective 36 months from when a Client is subject to its mandatory clearing obligation under EMIR.

During the initial fee holiday all CMECE fees associated with this service will be waived, any charges applied by the CSD will be passed through to the Client via its Clearing Member.

To be eligible, the Clearing Member must have submitted on-boarding documentation to CMECE on behalf of its Client by 31st July 2014 and this is the latest by which a Client must have opened one of CMECE’s EMIR compliant accounts – Omnibus Segregated Account or Individually Segregated Account.

Clients would then switch to an FS Account when their Central Securities Depository/Clearing Member is in a position to support the service.