

2012 CLEARED OTC CDS NORTH AMERICAN INDEX FEE DETAILS

Fee Schedule A (Standard Program)

- Fee Schedule A is the *default fee schedule* for all customers
- Applicable base clearing fee is determined by the monthly notional volume each beneficial account owner clears
- The monthly notional volume is aggregated at the investment manager/asset manager, account owner or the trading account level *within a single clearing (billing) firm*

North American Index CDS Fee Schedule A	
<u>Monthly Volume</u>	<u>Base Fee (max of)</u>
<u>Cleared (\$B)</u>	<u>\$ per million notional</u>
0 - 1.0	\$6.00
1.0 - 3.0	\$5.40
3.0 - 10	\$4.80
10 - 20	\$4.20
20 - 35	\$3.60
35+	\$3.00

Fee Schedule B (Optional Flat Rate Program)

- Customers may *elect* to participate in Fee Schedule B
- Notification to participate in Fee Schedule B must be received one month in advance of the end of the look-back period
- Notional volume for each month is aggregated at the investment manager or account owner level across *multiple clearing member firm(s)*
- Employs a look-back period to determine an implied average clearing fee and establish a single *blended flat rate* for each transaction cleared in the subsequent period
 - Look-back period is semi-annual, based on a calendar year, ending 15 days prior to the beginning of the next six month period
 - New rates will become effective on January 1st and July 1st

North American Index CDS Fee Schedule B	
<u>Monthly Volume</u>	<u>Base Fee (max of)</u>
<u>Cleared (\$B)</u>	<u>\$ per million notional</u>
0.0 - 3.0	\$6.00
3.0 - 9.0	\$5.30
9.0 - 30	\$4.70
30 - 60	\$4.10
60 - 105	\$3.50
105+	\$2.00

Maintenance Fee

- No Maintenance Fee

Volume Discounts

- CME is the calculation agent for fees
- All customers that clear OTC North American index CDS products at CME Group are entitled to receive a 25% discount off their base clearing fees through December 31, 2012
- Volume tier base rate is determined on a progressive basis, where base rate applies only to the volume cleared within each tier

Fee Reporting

- Clearing Members can run fee reports using the exchange fee system
- Reports contain fees by client, down to the trade level
- CME posts daily fee files to firms FTP sites

Billing

- CME invoices clearing members on the third business day of the new month via email
- CME Auto-Debits clearing members on the seventh business day of the new month
- Clearing Members have discretion on client billing

EXAMPLES

FEE SCHEDULE A:

Fee Schedule A Data						
Fee Schedule A Calculation						
Account Owner	Total Volume Cleared	Fee Calculation	Summary Calculation	Total Gross Fees	Discount	Net Clearing Fees
XYZ Fund	\$3.5B	(\$1.0B*\$6.00/M)	\$6,000	\$19,200	25%	\$19,200*0.75
		+	+			=
		(\$2.0B* \$5.40/M)	\$10,800			\$14,400
		+	+			
		(\$500M * \$4.80/M)	\$2,400			

FEE SCHEDULE B:

Fee Schedule B Data				
Average Monthly Volume Cleared in 6 Month Look-Back Period			\$11B	
Fee Schedule B Calculation 6 Month Look-Back Period (6/15/11-12/15/11)				
Avg. Monthly Volume	Calculation	Summary Calculation	Implied Monthly Fees	Implied Average Clearing Fee (\$ per million notional cleared)
\$11B	(\$3.0B* \$6.00/M)	18,800	\$59,200	(\$59,200/\$11B) *\$1M = \$5.38
	+	+		
	(\$6.0B* \$5.30/M)	31,800		
	+	+		
	(\$2.0B*\$4.70/M)	9,400		
Fee Schedule B Calculation for Next Period				
6 Month Period	Total Volume Cleared	Gross Fee Calculation	Discount	Net Fees
H1 2012	\$66B	(\$66B* \$5.38/M)= \$355,200	25%	\$355,200*0.75 = \$266,400