



**International Incentive Program (IIP)  
Questions & Answers  
July 2020**

**1. What is the International Incentive Program?**

The International Incentive Program (IIP) enables proprietary trading firms located and incorporated outside of North America to receive discounted fees for qualified products. These incentives apply only certain proprietary trades that are made by qualified registered traders located outside of North America in accordance with CME Group fee policies. IIP participants will receive discounted fees through **January 31, 2021**, provided that they satisfy minimum quarterly volume requirements.

**2. What products can be traded under this program?**

Certain CME, CBOT, NYMEX and COMEX products available for trading on the CME Globex Platform, and all Open Outcry transactions for Foreign Exchange options and Interest Rate futures and options (collectively, the “Products”).

**3. Are give-up trades eligible?**

Yes, give-ups are eligible for the reduced all-in fee.

**4. Is the program restricted to specific trading hours?**

No. Firms in the program may take advantage of the discounted fees at any time. For a complete list of CME, CBOT, NYMEX and COMEX products available on Globex and trading hours, please refer to <http://www.cmegroup.com/trading-hours.html>.

**5. Is an IIP firm subject to fees charged per contract by the National Futures Association (NFA)?**

CME Group charges fees pursuant to the fee schedules at <https://www.cmegroup.com/company/clearing-fees.html>. CME Group does not assess incentive program participants NFA fees. For information regarding NFA fees, please contact the NFA at (312) 781-1300.

**FEE SCHEDULE & TIER DISCOUNTS**

**6. What is the CME Group fee schedule for IIP firms?**

Please refer to the most updated fee schedule at <http://www.cmegroup.com/company/clearing-fees.html> which provides more detail on fees for this program as well as fees for products not listed below. This is a summary table that should be used as a reference guide only:

<b>International Incentive Program (IIP) - CME and CBOT</b>		
<b>Product Category Globex Only</b>	<b>Non-Member – All-in Fees</b>	<b>IIP All-in fees (per side)</b>
<b>CME Products</b>		
Agricultural - Futures & Options	\$2.03	\$0.82
Weather Contracts	\$0.54	\$0.26
Full Size Foreign Exchange – Futures* (excluding FX Link)	\$1.60	\$0.54
Full Size Foreign Exchange –Futures (via FX Link)	\$0.80	\$0.60

<b>International Incentive Program (IIP) - CME and CBOT</b>		
<b>Product Category</b>	<b>Non-Member – All-in Fees</b>	<b>IIP All-in fees (per side)</b>
<b>Globex Only</b>		
Foreign Exchange – Options*	\$1.60	\$0.54
E-mini Foreign Exchange Contracts*	\$0.85	\$0.54
E-micro Foreign Exchange Contracts	\$0.16	\$0.10
Full Size Equity Index – Futures*	\$2.40	\$1.10
Full Size Equity Index – Options	\$1.50	\$1.01
E-mini Equity Index – Futures* (Outrights and Spreads)	\$1.23	\$0.62
E-mini Equity Index – Options	\$0.55	\$0.50
Micro E-mini Equity Index Futures (Outrights and Spreads)	\$0.20	\$0.10
Nikkei/TOPIX Futures (Outrights and Spreads)	\$2.15	\$1.10
Bitcoin Futures	\$5.00	\$4.50
Bitcoin Options	\$5.00	\$4.50
Interest Rate – Futures*	\$1.25	\$0.50
Interest Rate – Options*	\$0.89	\$0.50
<b>CBOT Products</b>		
Full Size Agricultural Contracts	\$1.95	\$1.06
Mini Agricultural Contracts	\$1.03	\$0.90
ICS & CS Agricultural Options	\$3.84	\$2.06
Mini \$5 Dow Products	\$1.23	\$0.62
Micro e-Mini Dow Futures	\$0.20	\$0.10
DJ U.S. Real Estate Index Futures	\$1.18	\$0.62
2-year 3-year U.S. Treasury Futures	\$0.60	\$0.49
5-year U.S. Treasury Futures	\$0.65	\$0.49
10-year Ultra 10-year U.S. Treasury Futures	\$0.75	\$0.49
30-year U.S. Treasury Bond Futures	\$0.80	\$0.49
Ultra U.S. Treasury Bond Futures	\$0.85	\$0.49
U.S. Treasury Options	\$0.82	\$0.49
Fed Fund Products	\$0.96	\$0.49
MAC Swap Futures	\$0.56	\$0.49
ERIS Swap Futures	\$0.70	\$0.50

<b>International Incentive Program (IIP) - NYMEX/COMEX</b>		
<b>NYMEX Products on CME Globex</b>		
Core Energy (CL, LO, HO, OH, RB, OB, NG, LN, ON)	\$1.50	\$0.90
NYMEX Metals (PL, PA)	\$1.55	\$1.00
All other Energy	Varies by product	Must be greater than 10% of the highest member rate
<b>COMEX Products on CME Globex - Futures Only</b>		
Core Metal (GC, SI, HG)	\$1.55	\$1.00
E-micro Gold (MGC)	\$0.30	\$0.20
1,000 oz. Silver (SIL)	\$0.60	\$0.40
Shanghai Gold (SGC, SGU)	\$1.50	\$1.00

International Incentive Program (IIP) - PIT		
Product Category Pit Trading	Standard customer (non-member) rates	IIP All-in fees (per side)
<b>CME Products</b>		
Interest Rate Futures & Options*	\$0.70	\$0.50
Foreign Exchange Options*	\$0.60	\$0.54
<b>CBOT Products</b>		
2-year   3-year U.S. Treasury Futures	\$0.60	\$0.49
5-year U.S. Treasury Futures	\$0.65	\$0.49
10-year   Ultra 10-year U.S. Treasury Futures	\$0.75	\$0.49
30-year U.S. Treasury Bond Futures	\$0.80	\$0.49
Ultra U.S. Treasury Bond Futures	\$0.85	\$0.49
U.S. Treasury Options	\$0.75	\$0.49
Fed Fund Futures & Options	\$0.56	\$0.49

\*These products are eligible for volume discounts. Please see volume tiers below.

**Progressive Volume Discount - for CME Product Exchange Only**

- 0-1,000 sides Average Daily Volume (ADV) - fixed fee discount
- 1,000 + ADV – progressive fee discount, depending on the asset class

Tiers - CME Products for IIP				
Tier Structure (ADV Thresholds)	Interest Rates	FX	e-Mini Equity Futures	e-Mini Equity Options
0 - 1000	\$0.50	\$0.54	\$0.62	\$0.50
1001 - 5000	\$0.35	\$0.41	\$0.42	\$0.40
5001+	\$0.25	\$0.36	\$0.37	\$0.36

**ELIGIBILITY**

**7. What types of firms are eligible for the International Incentive Program? What types of firms are not eligible?**

**Eligible Firms:** Proprietary trading firms located and incorporated outside of North America traded by traders located outside of North America are eligible for the IIP. They will receive discounted fees for qualified products and accounts of the proprietary trading firm conducted in accordance with CME Group policies.

**Please note CME Group may be unable to accept participants located in certain countries and limits on qualification may apply for applicants located in certain countries. Please contact the CME Group Membership Concierge Team for further information regarding any location restrictions.**



**Ineligible Firms:** Trading Arcades, Commercial Firms, Hedge Funds, Commodity Pools, Retail Firms, Banks, FCMs, Brokers, Broker/Dealers, Commodity Trading Advisors, Introducing Brokers, Spread Betting Firms, Asset/Investment Managers, Pension Funds and other firms that hold and/or manage third party funds are not eligible for the IIP. Please note that firms that are wholly or partially owned by, or affiliated with any of these firm types will also be ineligible for the IIP.

#### **8. What firms qualify as proprietary trading firms for IIP?**

As defined by CME Group, a proprietary trading firm is a legal entity that trades its own capital. Trading funds must be exclusively firm funds and all trading must be done in the firm's accounts. A proprietary trading firm is a legal entity in which:

- All trading must be done in proprietary trading accounts held in the name of the firm.
- All trading must be done electronically by owners, employees or contractors of the firm.
- Only the firm's capital can be at risk of loss; that is, no traders may make any trading capital contributions or payments to the firm nor have any capital at risk in connection with their trading of the firm's proprietary accounts.
- All trading must be solely for the benefit of the firm. No other individuals or entities can have any ownership interest in these accounts.
- All funds contributed to and traded under the firm are subject to loss from any and all trading activity of the firm.
- All profits and losses of the firm account are booked to income of the firm.
- Net profits of the firm account after the distribution of trader incentives and deduction of expenses are taxed to the firm.

Please refer to [Fee Policy Bulletin #09-01](#) dated June 16, 2009, for complete details of fee policies.

#### **9. Can an existing CME, CBOT, NYMEX, or COMEX Clearing Member Firm; CME, CBOT, NYMEX or COMEX Rule 106.J. Equity Member Firm or Member Firm; CME or CBOT Rule 106.H. Trading Member Firm; or CME or CBOT Rule 106.R. Electronic Corporate Member Firm outside of North America convert or step down to IIP?**

No, any firm holding any of the membership statuses noted above may not convert or step down to IIP participation for the Exchange on which membership(s) were held for a period of no less than two years following the termination of those membership(s). However, the firm can keep its current membership(s) and concurrently apply to participate in IIP and benefit from IIP rates for the products within IIP that are not covered under the firm's current membership(s) or membership(s) held within the preceeding two year period. For example, a CME Rule 106.H. trading member firm in the IMM division could apply for IIP for the CME division and for CBOT, NYMEX and COMEX products.

#### **WHO CAN TRADE?**

#### **10. Are there any restrictions on who may trade an IIP Firm's trading accounts?**

Yes. To receive discounted transaction fees, trades must be conducted by registered traders who are physically located outside of North America. In general, trades done by any owner of, employee of, or contractor to the trading firm may receive discounted fees. Please refer to [Fee Policy Bulletin #09-01](#) dated June 16, 2009, for complete details of fee policies.

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

No. The program is specifically designed to provide discounts to proprietary trading firms.

**MINIMUM VOLUME****12. What are the minimum volume requirements to stay in the program?**

For continued eligibility and incentive qualification, participants must maintain a combined average daily volume (“ADV”) in the Products of **250 contracts (sides)** measured over a given calendar quarter. Eligibility will be re-evaluated on a calendar quarter basis (March, June, September and December). Micro E-mini Equity Index products will be excluded from this ADV requirement. Please note that volume traded under corporate membership will not qualify for the IIP volume requirement. For example, if a CME Rule 106.H. trading member holds an IOM membership, the firm’s trades under IOM and GEM will not be eligible towards the IIP volume requirement.

IIP firms that do not satisfy the minimum quarterly volume requirement will no longer be eligible for the IIP; however, CME Group may grant a one-time waiver to participants who do not meet the volume requirement. Firms can reapply; however, the standard non-refundable application fee will apply.

**13. How is an IIP firm’s average daily volume calculated for the purposes of the minimum quarterly volume requirement?**

For each quarter, CME Group sums the qualified product sides traded through accounts held by the IIP firm and registered in CME Group’s Exchange Fee System (“EFS”) as such. To be included in the sum, the contract side must trade and clear on a day within the quarter. CME Group calculates the average daily volume by dividing that sum by the number of business days in the quarter. Exchange holidays are excluded from the business day count for the quarter.

**14. How is an IIP firm’s average daily volume calculated if the IIP firm was approved midway through the quarter?**

The average daily volume will be based on the sides traded and the number of business days the firm was in the IIP during the quarter. For example, a firm who was an IIP participant for 10 business days during the quarter would be required to maintain minimum volume of 2,500 sides (10 business days \* 250) during the quarter to meet the volume requirement.

**15. For an IIP firm failing to meet the minimum quarterly volume requirement, when will the firm be dismissed from the program?**

On the 15th of the applicable review month (or first business day thereafter).

For instance, if an IIP firm averages below 250 contracts (sides) ADV for the first quarter, the IIP status will change effective April 15 (or first business day thereafter). For the period April 1<sup>st</sup> through April 15<sup>th</sup>, the firm will receive IIP rates. On and after April 16<sup>th</sup>, the firm will no longer be eligible for the program and will receive non-member/customer rates on all trades.

**16. Will CME Group notify the IIP firm or the clearing firm of its failure to meet the minimum quarterly volume requirement?**

Yes. CME Group will notify an IIP firm failing to meet the average minimum quarterly volume requirement. Additionally, CME Group will do its best to notify an IIP firm’s clearing member firms through e-mail(s) on file with CME Group that the IIP participant has been withdrawn from the program. However, the IIP firm is responsible for communicating this change in status to its clearing member firms.



## **REGISTRATION – APPLICATION/APPROVAL PROCESS**

### **17. How do firms apply for the International Incentive Program?**

Firms wishing to apply for IIP should contact the CME Group Membership Concierge Team at (312) 435-3555 or [conciergeteam@cmegroup.com](mailto:conciergeteam@cmegroup.com). The application form can be found on CME Group’s Web site at [www.cmegroup.com/company/membership/international-incentives.html](http://www.cmegroup.com/company/membership/international-incentives.html). Firms should also contact their clearing firms as their support will be helpful during the application and review process. For region-specific questions, please contact the Client Development & Sales team within our respective offices:

<b>Europe, Middle East &amp; Africa (EMEA)</b> Matthew Judge <a href="mailto:Matthew.Judge@cmegroup.com">Matthew.Judge@cmegroup.com</a> +44 (0) 20 3379 3730	<b>Asia</b> Rajiv Shah <a href="mailto:Rajiv.Shah@cmegroup.com">Rajiv.Shah@cmegroup.com</a> +65 6593 5509
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### **18. How long is the approval process?**

Once it has been confirmed in writing by the CME Group Membership Concierge Team that the application, all supporting documents, and the application fee are received, the due diligence review process starts and generally takes 6-8 weeks; however, review times may vary significantly based on many factors including, but not limited to: complex regulatory requirements, completeness of applications and supporting documentation, complex firm and organizational structures, applicant response times, and number of applications under review. CME staff will consider the applicant’s reputation and business integrity, adequacy of its financial resources and credit, and any applicable regulatory restrictions in reviewing the applicant. CME staff have sole discretion to determine whether an applicant is admitted to or continues participation in the program.

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

Yes. A \$2,000 non-refundable application fee will be required prior to any entity being reviewed and approved to receive the discounted rates.

### **20. If my firm is approved as an IIP firm does it still need a CME Group clearing member firm?**

Yes. All trades at CME Group are cleared through CME Group (CME, CBOT, NYMEX and COMEX) [clearing member firms](#). All IIP firms must maintain their own separate account on the books of a CME Group clearing member firm for their proprietary trades unless otherwise approved by CME Group.

### **21. How will my clearing member firm be notified that my firm has been approved as an IIP firm?**

CME Group will do its best to notify the appropriate staff at any clearing firms included in an applicant firm’s application, however, the responsibility to inform clearing firm(s) remains with the IIP participant firm. Because the IIP discounted rates are applicable at any clearing firm utilized by an IIP participant firm, clearing firms must be notified so accounts and trader IDs can be properly registered within EFS. CME Group may not be aware of all clearing relationships of an IIP participant firm. As such, IIP participant firms must notify all applicable clearing firms upon receipt of final approval notification.

**22. 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 IIP firm changes or adds clearers, it is the responsibility of the IIP firm to inform their clearing member firm that the firm is approved for IIP. This is necessary so that the clearer can register trader and account details in EFS, as applicable.

**REGISTRATION – EXCHANGE FEE SYSTEM (EFS) PROCESS**

**23. How does a clearing firm register an IIP firm in order to receive the discounted fees?**

The trading account must be registered to the respective IIP entity within the Exchange Fee System (EFS) in order to receive the all-in reduced rates, including any volume discounts. If account registration does not occur, non-member rates will apply.

**NOTE:** Identification and registration of Globex Operator IDs (Tag 50 IDs) to ensure that such Tag 50 IDs are properly registered and kept updated within the Fee System is still the responsibility of the clearing member (or other entity approved by CME Group).

**OTHER INFORMATION**

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

The program will expire on **January 31, 2021**. Therefore, any firm that is approved and continues to meet the program requirements will receive discounted rates through January 31, 2021, as long as the IIP firm and its traders are properly registered within the Exchange Fee System.

**25. What will happen when the program expires?**

Participants will be charged non-member customer fees according to CME Group's then-current fee schedule.

**26. Who can I contact if I have additional questions?**

For any fee related questions, please call the Fee Hotline at (312) 648-5470. For general questions and how to apply for IIP, please contact CME Group Membership Concierge Team at (312) 435-3555 or [conciergeteam@cmegroup.com](mailto:conciergeteam@cmegroup.com), or the CME Group contacts indicated in Q17.

**27. How can I make the application fee payment?**

Please contact the CME Group Membership Concierge Team at [conciergeteam@cmegroup.com](mailto:conciergeteam@cmegroup.com) for wire instructions.

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