



International Incentive Program (IIP)

Terms and Policy Document

7 April 2025

The International Incentive Program (“IIP”) enables approved IIP applicants (“IIP Participants”) that are Proprietary Trading Firms located and incorporated outside of North America to receive discounted fees (“IIP Fees”) for trading in the Program’s Products (set forth in the fee tables below). These incentives apply only to IIP Participants trading in the Program Products that are made by Qualified IIP Traders located outside of North America in accordance with these terms and policies.

The trading activity of IIP Participants must adhere to CME Group rules and policies in order to be granted IIP Fees. IIP is based on the policy that the trading activity conducted for IIP Participants is for the sole benefit of the IIP Participant itself and not the trading activity of individual customers/traders conducted in the name of the firm; i.e. to prevent arcade type trading under the guise of IIP Participant trading and the “selling” of IIP Fees. To that end, the financial benefit and risk of the trading activity must be solely of the IIP Participant. Further, the IIP Participant may only profit/benefit from its trading activity through the performance of the trade and not from any other source such as a commission or charge for trade execution.

The below set out the policies and terms for defining when an IIP Participant’s trading activity will be granted IIP Fees. Non-compliance with these policies is indicative of the selling of rates and/or profiting from sources other than the performance of trading and is therefore prohibited for the purposes of determining eligibility for IIP Fees. It is for the applicant/IIP Participant to clearly demonstrate and attest to CME Group that its business operations are in compliance with these policies and are not inconsistent with CME Group’s goal of providing IIP Fees only for a IIP Participant’s Proprietary Trading activity. In order to maintain their participation in IIP, an IIP Participant’s business practices must continue to adhere to these policies throughout their participation in the IIP. Such practices will be reviewed individually and in the aggregate in relation to an applicant’s/IIP Participant’s entire trading activities and operations.

CME Group will in its sole and absolute judgment and discretion determine whether an applicant’s/IIP Participant’s business practices are consistent with CME Group’s policies applicable to the IIP and may grant approval subject to any conditions it considers necessary

DEFINITIONS

Capitalised Terms used but not defined in this International Incentive Program Terms and Policy Document are defined in the applicable rules and regulations of the Exchanges. This IIP Terms and Policy Document should be read in conjunction with the applicable rules and regulations of the Exchanges, but in the event of any inconsistency between this IIP Terms and Policy Document and the applicable rules and regulations of the Exchanges, the applicable rules and regulations of the Exchanges prevail.

Affiliate means an entity that has the identical Ultimate Beneficial Owner(s) as the IIP Participant.

CBOT means The Board of Trade of the City of Chicago, Inc.

CME means Chicago Mercantile Exchange Inc.

COMEX means Commodity Exchange, Inc.

NYMEX means New York Mercantile Exchange, Inc.

Designated IIP Account means the trading account(s) exclusively owned by the IIP Participant and registered in the Exchange Fee System.

Direct Expenses include, but are not limited to, items such as clearing and Globex fees, brokerage commissions (those charged by the IIP Participant's clearing firm), software, connection/line charges, licensing fees, and market subscriptions.

Employee(s)

Bona-fide employees of the IIP Participant are evidenced through:

- a contract of employment between the employee and the IIP Participant or its Affiliate;
- Issuance of an W-2, or foreign equivalent, for all compensation (i.e. salary and bonus) to the Qualified IIP Trader by the Proprietary Trading Firm or its Affiliate;
- Inclusion of the Qualified IIP Trader in the Proprietary Trading Firm's or its Affiliate's payroll tax records; and
- The Qualified IIP Trader has no income until the Proprietary Trading Firm or its Affiliate pays the Qualified IIP Trader.

Exchanges means CME, CBOT, NYMEX and COMEX collectively.

Exchange Fee System or EFS includes the CME, CBOT, NYMEX, and COMEX fee system.

Holdbacks are defined to be a Qualified IIP Trader's share of profits which have not been distributed to the Qualified IIP Trader and which are held back in an account of the IIP Participant. Holdbacks are not a contribution to the IIP Participant in the form of a capital contribution, loan, security deposit or other payment.

Independent Contractor means an individual who has a service agreement with the IIP Participant or its Affiliate pursuant to which such person agrees to trade for the IIP Participant as a Qualified IIP Trader and the IIP Participant or its Affiliate agrees to compensate the Independent Contractor. For the avoidance of doubt, an Independent Contractor Qualified IIP Trader must be a natural person.

Indirect Expenses include, but are not limited to, items such as rent, utilities, membership/share costs, and firm costs for accounting, legal, back-office, compliance, strategy development, programming, and human resource services.

Individual Owner means an Owner that is a natural person, but not a legal entity, partnership or other corporate structure.

Invested Company means a company that is an Owner of an IIP Participant

Owner in relation to an IIP Participant means a person who

- has a bona-fide equity investment in the IIP Participant;
- shares in the profits/losses of the IIP Participant because of that equity investment;
- because of that equity investment has the same ownership rights (including as to voting and profit/loss) as all other equity holders in the IIP Participant; and
- risks loss of all their equity contributions from all trading and business activities of the IIP Participant.

Program Products include certain CME, CBOT, NYMEX, and COMEX products listed for trading on the CME Globex® Platform and all open outcry transactions for CME Interest Rate options, as set forth in the fee tables set out in Section 3 below.

Proprietary Trading Firm means a legal entity that trades its own capital. This means that:

- Trading funds must exclusively be the legal entity's funds. Unless they are an Owner of the legal entity, no third party (including any non-Owner Qualified IIP Trader) may make any trading capital contributions to the legal entity nor have any capital at risk in connection with the legal entity's Proprietary Trading (as hereinafter defined).
- "Proprietary Trading" is defined as trading where the financial benefit and risk of the trading is exclusively for the benefit of the IIP Participant.
- All profits and losses derived from Proprietary Trading are booked to the IIP Participant and any net profits of the IIP Participant are taxed to that legal entity in accordance with applicable tax laws and regulations.
- The legal entity may only profit/benefit from its trading activity through the performance of proprietary trades and not from any other source such as a commission or charge for trade execution.
- The legal entity must only undertake Proprietary Trading and must not undertake any trading for or on behalf of any third party or act as a broker for a third party.
- All Proprietary Trading must be done in Designated IIP Account(s) held solely in the name of the legal entity. No other individuals or entities can have any interest in these accounts.
- All Proprietary Trading must be done electronically by Qualified IIP Traders.

Qualified IIP Trader is defined as any individual that is an Owner, Employee or Independent Contractor of the IIP Participant or its Affiliate who is physically and permanently located, and trading from, outside of North America and that is undertaking Proprietary Trading for the IIP Participant. Qualified IIP Traders:

- must only trade the IIP Participant's capital;
- other than in their capacity as an Owner, cannot be responsible for losses beyond their share of profits earned and maintained by the IIP Participant which have not yet been distributed to the Qualified IIP Trader;
- cannot make any contributions, loans (including subordinated loans) or payments to the IIP Participant; and
- cannot have any capital at risk except for (i) Holdbacks as permitted in connection with their trading for the IIP Participant or (ii) as a result of being an Owner of the IIP Participant.

All Qualified IIP Traders must be assigned Globex Operator IDs (Tag 50s), those IDs and the associated Qualified IIP Trader must be appropriately registered within EFS, and all Globex trades (orders) must be identified with the Globex Operator IDs (Tag 50s) of the Qualified IIP Trader executing the trade.

Ultimate Beneficial Owner means the natural person(s) who ultimately own and benefit from the activities of the IIP Participant.

Discretionary trading activity of third parties who are not qualified IIP traders but conducted in the name of the IIP Participant is not eligible for IIP Fees. However, non-discretionary orders (i.e. orders filling) entered by third parties who are not qualified IIP traders but conducted in the name of the IIP Participant are eligible for IIP Fees.

1. **TERM**

IIP Participants will receive IIP Fees through **January 31, 2026**, or the date on which the Exchanges determine to modify, extend, or terminate the IIP, provided that they satisfy minimum quarterly volume requirements.

2. **POLICIES**

2.1. **Eligibility for IIP**

- (a) In order to be admitted to and remain an IIP Participant, the applicant or IIP Participant must be a Proprietary Trading Firm incorporated and located outside of North America.
- (b) Only the trading activity of Qualified IIP Traders physically and permanently located, and trading from, outside of North America that are undertaking proprietary trading for the IIP Participant is eligible for IIP Fees.
- (c) Only the Proprietary Trading undertaken in the Designated IIP Account(s) is eligible for IIP Fees.

For the avoidance of doubt, any legal entity conducting any of the following types of business do not qualify as a Proprietary Trading Firm and are therefore ineligible to join IIP: trading arcades, hedge funds, commercials, commodity pool, bank, futures commission merchant, brokers, commodity trading advisor, introducing broker, spread betting, asset and/or investment management, pension fund or otherwise holding and/or managing third party funds.

Please note CME Group may be unable to accept IIP 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.

2.2 **Owners**

- (a) Individual Owners of IIP Participants who maintain a proprietary interest in the firm may receive IIP Fees on their trading activity of the IIP Participant. Individual Owners with proprietary interests who share in the profit split of a team of IIP Traders must share in the profits/losses of the overall IIP Participant in order to be considered a bona-fide Owner. If such individual Owners do not share in the overall firm profits/losses of the IIP Participant, their share of the profit split from the team of Qualified IIP Traders must be reported in the same way as the income of Employees or Independent Contractors in order to receive IIP Fees on the trading activity of the team.
- (b) A company that is an Owner of an IIP Participant (“**Invested Company**”) is prohibited from trading and/or having a specific interest in an IIP Participant’s Designated IIP Account eligible for IIP Fees unless (1) that Invested Company maintains a proprietary interest of bona-fide capital in the IIP Participant for each owner of the Invested Company and (2) the trading is conducted by and only by individual owners of the Invested Company (i.e. the Invested Company has no employees or independent contractors performing functions of an employee).

2.3 **Qualified IIP Trader Compensation and Profit Splits**

Qualified IIP Trader compensation must meet the following requirements:

- (a) Other than in their capacity as an Owner, Qualified IIP Traders cannot be responsible for losses beyond their share of profits earned and maintained in the IIP Participant's accounts which have not yet been distributed to the Qualified IIP Trader.
- (b) The IIP Participant must be allocated both a portion of the profits and losses of the firm's account(s).
- (c) The profit split on agreements with any Qualified IIP Trader, including any Owner in their capacity as a Qualified IIP Trader, may not exceed 80/20 (i.e. 80% to the Qualified IIP Trader /20% to the Proprietary Trading Firm).
 - (i) For any trading conducted by a team of Qualified IIP Traders, the profit split to the team in total may not exceed 80/20 (i.e. 80% to the Qualified IIP Trader team/20% to the IIP Participant).
 - (ii) Further the 80% limit on profit splits to a Qualified IIP Trader or team of Qualified IIP Traders includes any individual who has a specific interest in its profitability including those involved in the supervision/training of the account(s) and/or Qualified IIP Trader(s).
- (d) Non-Owner Qualified IIP Traders cannot leave any Holdbacks in the IIP Participant for greater than 1 year without becoming an Owner.
 - (i) Non-Owner Qualified IIP Trader's share of capital in the IIP Participant's accounts may not exceed the Qualified IIP Trader's share of net profit/loss in the previous 12-month period.
 - (ii) If a Qualified IIP Trader leaves any Holdbacks in the IIP Participant's accounts for greater than 1 year, they must become an Owner.
- (e) The IIP Participant is prohibited from:
 - (i) Setting minimum account balances for its Qualified IIP Traders;
 - (ii) Charging margin on positions to Qualified IIP Traders;
 - (iii) Charging fees on draws taken by Qualified IIP Traders; and
 - (iv) Requiring or accepting security deposits from its Qualified IIP Traders.

2.4 Profits and Losses

IIP Participants must derive their profits and losses from Proprietary Trading and may only profit/benefit from its trading activity through the performance of proprietary trades and not from any other source such as a commission or charge for trade execution. In order to remain eligible for the IIP, the IIP Participant's primary source of profits and losses should be derived from Proprietary Trading by no later than the first anniversary of the date of its application to join IIP first being approved.

2.5 Interest

- (a) The IIP Participant may not charge interest on debit balances to Qualified IIP Traders nor may it pay interest on credit balances to Qualified IIP 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.

- (b) The IIP Participant may not pay interest on Holdbacks where Holdbacks are permitted.
- (c) The IIP Participant may not pay interest on capital contributions.

2.6 Allocated Expenses

An IIP Participant may not allocate expenses to trades or Qualified IIP Traders in excess of actual Direct and Indirect Expenses of the IIP Participant's trades or Qualified IIP Traders. Only actual expenses incurred may be allocated – a mark up on expenses is not permitted. Further, opportunity costs may not be allocated.

Expense allocations may be made on a per trade/contract basis and/or monthly, quarterly, yearly, or other time period basis.

For all expenses allocated, the IIP Participant must maintain records of actual costs incurred. All rebates of expenses incurred must also be reflected in the allocated costs. Further, total costs incurred may not be allocated only to Qualified IIP Traders but must be allocated to all areas of the IIP Participant's operations which benefit from such costs; for example rent should be allocated across all areas of the firm utilizing office space. If an expense is otherwise allocated directly to a Qualified IIP Trader (for example a line charge) such expense may not be included in the allocated costs.

The total amount of expenses allocated must be reasonable to the actual costs incurred. Allocated expenses must be reviewed, and if necessary adjusted, routinely to ensure they continue to be reasonable in relation to actual expenses. The IIP Participant must maintain and provide adequate supporting calculations and documentation of such allocated expenses and their reasonableness.

2.7 Capital Usage Fee

An IIP Participant may not charge a fee for capital usage to Qualified IIP Traders.

2.8 Cost of Capital Fee

An IIP Participant may not charge a fee for the cost of capitalizing the IIP Participant (and thus the IIP Participant's trading accounts) to Qualified IIP Traders.

2.9 Proprietary Trading Firms and Affiliates

CME Group recognises business practices where traders who are Employees or Independent Contractors may be employed by or contracted to a legal entity other than the IIP Participant. For such traders to qualify as a Qualified IIP Trader of the IIP Participant, the entity that employs or contracts with the traders must be an Affiliate of the IIP Participant if it is not the IIP Participant itself. Further, CME Group would expect there to be an arms-length agreement between the companies pursuant to which the Affiliate agrees to provide the IIP Participant services, including but not limited to, trading services, and the IIP Participant agrees to compensate the Affiliate for the Direct Expenses and Indirect Expenses of such services. In order to qualify for IIP Fees, no mark-up of costs (beyond any reasonable margin required for transfer pricing purposes) is allowed in such an arrangement.

2.10 Regulatory Authorisations

Recognizing that international regulatory regimes applicable to IIP Participants differ, an entity's regulatory status is indicative, but not conclusive, of the entity's business activities. Instead, it is the applicant's business activities which will primarily determine its eligibility for IIP. For example, an applicant's recognition as a broker/dealer in a jurisdiction may not, on its own, disqualify it from being eligible to join IIP.

3. **FEE SCHEDULE & TIER DISCOUNTS**

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

Product Category Globex Only	IIP All in fees (Per side)
CME Products	
Agricultural - Futures & Options (Excluding TAS)	\$0.89
Lumber Futures	\$0.82
Full Size Foreign Exchange – Futures* (excluding FX Link)	\$0.54
Full Size Foreign Exchange –Futures (via FX Link)	\$0.60
Foreign Exchange – Options*	\$0.54
E-mini Foreign Exchange Contracts*	\$0.54
E-micro Foreign Exchange Contracts	\$0.15
Full Size Equity Index – Futures	\$1.10
E-mini Equity Index – Futures* (Outrights and Spreads excluding Dividend Index Futures)	\$0.75
E-mini Equity Index – Options*	\$0.50
Case Schiller Housing Index – Futures * (Outrights and Spreads)	\$0.75
Micro E-mini Equity Index Futures	\$0.18
Micro E-mini Equity Index – Options	\$0.10
Nikkei/TOPIX Futures (Outrights and Spreads)	\$1.10
Interest Rate – Futures* (Front + Back Months + Bundles)	\$0.50
Interest Rate Futures (Cross-Currency Basis)	\$0.80
Interest Rate – Options*	\$0.50

CBOT Products	
Full Size Agricultural Futures (Excluding TAS)	\$1.11
Full Size Agricultural Options	\$1.11
Mini Agricultural Contracts	\$0.90
ICS & CS Agricultural Options	\$2.06
E-Mini Dow/DJ U.S. Real Estate	\$0.75
Micro e-Mini Dow Futures	\$0.18
Eris Swap Futures	\$0.50
Micro Treasury Futures	\$0.21
U.S. Treasury Futures	\$0.54
U.S. Treasury Options	\$0.54
TBA Futures	\$0.50
Fed Fund Products	\$0.49
MAC Swap Futures	\$0.49

International Incentive Program (IIP) - CME Globex Only	
NYMEX Products	IIP All-in Fees (Per side)
Henry Hub Natural Gas Look-Alike Last Day Fincl Futures (HH) (Excluding TAS)	\$0.90
Henry Hub Natural Gas Look-Alike Options (LN)	\$0.90
Henry Hub Natural Gas Futures (NG) (Excluding TAS)	\$0.90
Henry Hub Natural Gas Options (ON)	\$0.90
Light Sweet Crude Oil (WTI) Futures (CL) (Excluding TAS)	\$0.90
Light Sweet Crude Oil Options (LO)	\$0.90
NY Harbor ULSD Futures (HO) (Excluding TAS)	\$0.90
RBOB Gasoline Futures (RB) (Excluding TAS)	\$0.90
Natural Gas Weekly Financial Options (LN1-LN5)	\$0.95
Crude Oil Friday Weekly Option (LO1-LO5)	\$0.95

Crude Oil Monday Weekly Options (ML1-ML5)	\$0.95
Crude Oil Wednesday Weekly Options (WL1-WL5)	\$0.95
NYMEX Metals (PL, PA) (Excluding TAS)	\$1.00
COMEX Products - Futures Only	
Core Metal (GC, SI, HG) (Excluding TAS)	\$1.00
Shanghai Gold (SGC, SGU)	\$1.00
Gold (Enhanced Delivery) Futures (4GC)	\$1.00

Product Category Pit Trading	IIP All-in fees (Per side)
CME Products	
Interest Rate Options*	\$0.50

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

Progressive Volume Discount - for CME Product Exchange Only

- 0-5,000 sides Average Daily Volume (ADV) - No additional fee discount
- 5,001+ ADV – progressive fee discount, depending on the asset class as follows:

Tiers - CME Products for IIP				
Tier Structure	CME Interest Rates	FX	e-Mini Equity Futures	e-Mini Equity Options
5001+	\$0.25	\$0.17	\$0.25	\$0.13

4. MINIMUM VOLUME REQUIREMENTS

- 4.1 In order for an IIP Participant to continue to be eligible to participate in the IIP and receive IIP Fees, an IIP Participant must maintain a combined average daily volume (“**ADV**”) in the Program 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.
- 4.2 Failure to satisfy the minimum quarterly volume requirement will result in the IIP Participant being dismissed from the IIP from the 15th of the applicable review month (or first business day thereafter). In its sole and absolute discretion, CME Group may grant a one-time waiver to an IIP Participant who does not meet the volume requirement in any given quarter. Firms can reapply; however, the standard non-refundable application fee will apply.

- 4.3 Please note that volume traded under corporate membership will not qualify for the IIP minimum 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 minimum volume requirement.

5. APPLICATION

- 5.1 Proprietary Trading Firms wishing to apply for IIP should contact the CME Group Membership Concierge Team at (312) 435-3555 or conciergeteam@cmegroup.com. The application form can be found on CME Group's website at www.cmegroup.com/company/membership/international-incentives.html.

- 5.2 An IIP applicant shall pay a US\$2,000 non-refundable application fee prior to any application being reviewed and approved to join the IIP and receive IIP Fees.

6. PENALTIES

The policies set forth herein will be strictly enforced by CME Group. An IIP Participant found to have engaged in fraudulent or dishonest conduct or to have acted in bad faith will be subject to a charge of a major rule violation. Major rule violations are punishable by a fine up to \$1,000,000 plus the monetary value of any benefit received as a result of the violative activity.