



**Latin America Commercial Incentive Program  
Questions & Answers  
January 2017**

**1. What is the Latin America Commercial Incentive Program?**

The Latin America Commercial Incentive Program (“LACIP”) is a program that allows commercial hedgers in the Latin America region involved in agriculture, energy, metals or foreign exchange products to receive discounted fees for their proprietary trading of CME Group Inc. (“CME Group”) commodity and FX products. Registered program participants will receive discounted fees through December 31, 2017 for the following products traded electronically:

Exchange	Products Eligible for Fee Discount
CME	Agricultural and FX Futures & Options
CBOT	Agricultural Futures & Options
NYMEX	Energy Futures & Options
COMEX	Metals Futures

**2. How does a commercial hedger qualify for the program?**

To qualify for LACIP, a commercial hedger must:

- Be registered in one of the eligible countries and meet any additional regulatory limitations applicable to the country in which it is located. Refer to Question #14 at end of document for a list of eligible countries.
- Be a commercial firm involved in the physical agriculture, energy or metals markets, defined as a firm whose primary business involves at least one of the following: extracting, growing, processing, refining and/or merchandising of commodities. Provide information justifying this status, for example any industry association membership, annual report, etc.
- Be registered and licensed by the government regulator in their respective country in Latin America and submit to CME Group related documentation of such registrations and licenses.
- Have all traders physically located in Latin America.
- Complete an LACIP application and be approved by CME Group.
- Execute all trades in the LACIP participant’s name.
- Register all participating traders who must be owners, bona fide employees or independent contractors of the LACIP participant.
- Have a relationship with a CME Group clearing member.

**3. Is there a minimum volume requirement in order to continue as an LACIP participant to receive reduced fees?**

No.

**4. What trading fees are charged by CME Group to LACIP participants?**

The following summary table should be used as a reference guide only. Please refer to the most updated fee schedule at [www.cmegroup.com/fees](http://www.cmegroup.com/fees) for more details on this program or for fees not listed below.

Product Category Electronic Trading Only	Standard customer (non- member) rates	LACIP fees (per side)	Savings	
CME Agricultural futures and options	\$2.03	\$1.50	\$0.53	26%
CME Foreign Exchange futures and options	\$1.60	\$1.00	\$0.60	38%
CME E-mini FX contracts	\$0.85	\$0.54	\$0.31	36%
CME E-micro FX contracts	\$0.16	\$0.10	\$0.06	38%
CBOT Agricultural Products - Standard size contracts	\$1.95	\$1.45	\$0.50	26%
CBOT Agricultural Products - Mini-sized contracts	\$1.03	\$0.90	\$0.13	13%
NYMEX Energy contracts (Physicals)	\$1.50	\$1.10	\$0.40	27%
NYMEX Metals futures (Physicals)	\$1.50	\$1.10	\$0.40	27%
COMEX Metals futures contracts (Physicals)	\$1.50	\$1.10	\$0.40	27%

**Application Process**

**5. How do firms apply for the LACIP?**

Firms wishing to apply should complete an Application for Latin America Commercial Incentive Program Participation, and submit it to the Financial and Regulatory Surveillance (FRS) Department, along with supporting documentation.

For questions on the application, please contact the FRS Department at +1.312.930.3230 or CME Group's International Management Department in Chicago at +1.312.930.1871. You may also send an e-mail to [intl-latam@cmegroup.com](mailto:intl-latam@cmegroup.com). Staff at these offices can provide you with additional information and assist you through the application process.

**6. How long is the approval process?**

Once the application, all supporting documents and the application fee are received, the review process starts and generally takes 4-6 weeks however review times may vary 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 business reputation, financial resources and proprietary trading activity as well as any applicable regulatory

restrictions in approving the applicant and reserves the right to reject any applicant. The decision of CME staff is final.

**7. Do commercial hedgers applying for the LACIP have to submit financial statements?**

Yes. As part of the supporting documents required with the LACIP application, commercial commodity hedgers are required to submit their certified financial statements. If a certified financial statement is not available, LACIP applicants may submit any published financial statement with its application including those published on its Web site. All financial statements submitted must be in English.

**8. Are there any application fees?**

No.

**9. If my firm is approved as an LACIP participant, does it still need a clearing firm?**

Yes. All trades at CME Group are done through CME Group clearing member firms. All LACIP participants must maintain their own separate account on the books of a CME Group clearing

member firm for their proprietary trades. LACIP accounts may not be maintained in a non-disclosed omnibus account.

**10. How will my clearing firm be notified that my firm has been approved in the LACIP program?**

While we will do our best to notify the appropriate staff at any clearing firms you have included in your LACIP application, the responsibility to inform your clearing firm remains with you. Because the LACIP discounted rates will be applicable at any clearing firm you utilize, 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. We encourage customers to notify their clearing firms about their intention to apply for this program as early as possible.

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

In order to receive the incentives, both the Globex operator ID (also known as a Tag 50 ID) and the account must be registered within the Exchange Fee System (EFS). Tag 50 ID represents the person(s) entering orders into Globex. The LACIP's clearing firm is responsible for registering Tag 50 ID and account into EFS. Once an entity is approved, their clearing firm will be informed and will register the participant's accounts in EFS. LACIP firms should contact their clearing firms to ensure that correct Tag 50 ID and account information is registered in EFS to receive the reduced rate. Inaccurate information registered in EFS will result in non-member rates.

**Other Information**

**12. Can the Latin America branch offices of commercial hedger groups headquartered outside of the Latin America region participate?**

Yes.

**13. Can the non-Latin America branch offices of groups headquartered in the Latin America region participate?**

No.

**14. The following countries are eligible for the LACIP:**

Aruba	French Guiana	Panama
Argentina*	Guadeloupe	Paraguay
Belize	Guatemala	Peru
Bolivia	Guyana	Puerto Rico
Brazil	Haiti	Saint Martin
Chile	Honduras	Saint Pierre and Miquelon
Colombia	Jamaica	Suriname
Costa Rica	Martinique	Uruguay
Dominican Republic	Mexico*	Venezuela
Ecuador	Netherlands Antilles	
El Salvador	Nicaragua	

Please note that this list of countries is subject to change without notice and additional limitations on qualification may apply in some of the countries listed.

\* Countries currently under regulatory review; contact [intl-latam@cmegroup.com](mailto:intl-latam@cmegroup.com) for further details.

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