



**Latin America Proprietary Trading Incentive Program
Questions & Answers
January 2017**

1. What is the Latin America Proprietary Trading Incentive Program?

The Latin America Proprietary Trading Incentive Program ("LAPTIP") enables brokers and proprietary trading firms located in the region to receive discounted fees for qualified CME Group products. Discounted fees apply only to electronic proprietary trades that are done by qualified registered traders in accordance with CME Group policies. LAPTIP participants will receive discounted fees through December 31, 2017.

2. How does a firm qualify for the program?

To qualify for LAPTIP, a firm 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 #21 at end of document for a list of eligible countries.
- Be registered and licensed by the government regulator in their respective country in Latin America and submit to CME Group all related documentation of such registrations and licenses.
- Have all traders physically located in that same country.
- Complete an LAPTIP application and be approved by CME Group.
- Execute all trades in the LAPTIP participant's name; refer to Question #8 for further eligibility details.
- Register all participating traders who must be owners or bona fide employees of the LAPTIP participant.
- Have a relationship with a CME Group clearing member.

3. Is there a minimum volume requirement in order to be a LAPTIP participant and receive reduced fees?

No.

4. Are give-up trades eligible?

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

5. 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 www.cmegroup.com/trading_hours.

6. Is a LAPTIP firm subject to fees charged per contract by the National Futures Association (NFA)?

Yes, LAPTIP firms are considered participants in an incentive program.



7. What trading fees are charged by CME Group for the trades of LAPTIP 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 for more details on this program or for fees not listed below.

Product Category Electronic Trading Only	Standard customer (non- member) rates	LAPTIP fees (per side)	Savings	
CME Products				
Agricultural contracts	\$2.03	\$1.50	\$0.53	26%
Weather contracts	\$0.54	\$0.25	\$0.29	54%
Foreign Exchange contracts	\$1.60	\$1.00	\$0.60	38%
E-mini FX products	\$0.85	\$0.54	\$0.31	36%
E-micro FX products	\$0.16	\$0.10	\$0.06	38%
Full Size Equity Index - futures	\$2.40	\$1.60	\$0.80	33%
Nikkei futures	\$2.15	\$1.60	\$0.55	26%
Full Size Equity Index - options	\$2.31	\$1.50	\$0.81	35%
E-mini Equity Index - futures	\$1.18	\$0.76	\$0.42	36%
E-mini Equity Index - options	\$0.55	\$0.45	\$0.10	18%
E-mini Nifty 50 futures	\$0.81	\$0.76	\$0.05	6%
USD Ibovespa futures	\$1.26	\$1.26	\$0.00	0%
Interest Rates futures	\$1.25	\$0.44	\$0.81	65%
Interest Rates Eurodollar and European options	\$0.89	\$0.44	\$0.45	51%
2-Yr Eurodollar bundle futures	\$6.40	\$3.52	\$2.88	45%
3-Yr Eurodollar bundle futures	\$9.60	\$5.28	\$4.32	45%
5-Yr Eurodollar bundle futures	\$16.00	\$8.80	\$7.20	45%
2-Yr Eurodollar bundle options	\$5.50	\$2.89	\$2.61	47%
3-Yr Eurodollar bundle options	\$8.00	\$4.22	\$3.78	47%
5-Yr Eurodollar bundle options	\$13.00	\$6.87	\$6.13	47%
CBOT Products				
Full size Agricultural products	\$1.95	\$1.45	\$0.50	26%
Mini-sized Agricultural futures	\$1.03	\$0.90	\$0.13	13%
ICS & CS Agricultural options	\$3.84	\$2.06	\$1.78	46%
Mini \$5 Dow products	\$1.16	\$0.75	\$0.41	35%
DJ U.S. Real Estate Index futures	\$1.16	\$0.75	\$0.41	35%
2-Yr U.S. Treasury futures	\$0.60	\$0.49	\$0.11	18%
5-Yr U.S. Treasury futures	\$0.65	\$0.49	\$0.16	25%



10-Yr and Ultra 10-Yr U.S. Treasury futures	\$0.75	\$0.49	\$0.26	35%
U.S. Treasury bond futures	\$0.80	\$0.49	\$0.31	39%
U.S. Treasury Ultra bond futures	\$0.85	\$0.49	\$0.36	42%
U.S. Treasury options	\$0.81	\$0.49	\$0.32	40%
Other financial products	\$0.96	\$0.49	\$0.47	49%
Deliverable IR swap futures	\$0.56	\$0.49	\$0.07	13%
NYMEX Products				
Energy contracts (Physicals)	\$1.50	\$1.10	\$0.40	27%
Metals futures (Physicals)	\$1.50	\$1.10	\$0.40	27%
COMEX Products				
Metals futures contracts (Physicals)	\$1.50	\$1.10	\$0.40	27%

Firm Eligibility

8. What types of firms are eligible for the Latin America Proprietary Trading Incentive Program? What types of firms are not eligible?

Proprietary trading firms registered in certain countries in Latin America are eligible for the LAPTIP. They will receive discounted fees for all electronic trading of qualified products and accounts of the proprietary trading firm conducted in accordance with CME Group policies. Brokers that have clearly segregated and identified accounts for their proprietary business, and/or for the proprietary business of a bank that is part of their same financial group are also eligible. In these cases, the applicant firm must request to their clearing firm(s) that the bank's proprietary accounts are identified accordingly on their statements: the account title in the clearing statements must reference the legal entity to which the trades in the account belong, in addition to the broker/LAPTIP participant.

Hedge Funds, Trading Arcades, Commodity Pools, Commodity Trading Advisors, Spread Betting Firms, Asset/Investment Managers, Pension Funds and other firms that hold and/or manage third party funds are not eligible for the LAPTIP.

9. What firms qualify as proprietary trading firms for LAPTIP?

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 account are booked to income of the firm.
- Net profits of the account after the distribution of trader incentives and deduction of expenses are taxed to the firm.

10. 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 in Latin America convert or step down to LAPTIP?

No. However, the firm can keep its current membership(s) and concurrently apply to participate in LAPTIP and benefit from LAPTIP rates for the products within LAPTIP that are not covered under the firm's current membership(s). For example, a CME Rule 106.H. trading member firm in the IMM division could apply for LAPTIP for the CME division, CBOT, NYMEX and COMEX products.

11. Are there any restrictions on who may trade a LAPTIP trading account?

Yes. To receive discounted transaction fees, trades must be done by registered traders. 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.

12. 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 and proprietary accounts of brokerage firms.

Application Process

13. How do firms apply for the LAPTIP?

Firms wishing to apply for LAPTIP should complete an Application for Latin America Proprietary Trading 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 312.930.3230 or CME Group's International Management Department in Chicago at 312.930.2319. You may also send an e-mail to intl-latam@cmegroup.com. Staff at these offices can provide you with additional information and assist you through the application process.

14. 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.



15. Do firms applying for the LAPTIP have to submit financial statements?

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

16. Are there any application fees?

No.

17. If my firm is approved as a LAPTIP participant, does it still need a clearing firm?

Yes. All trades at CME Group are done through CME Group clearing member firms. All LAPTIP participants must maintain their own separate account on the books of a CME Group clearing member firm for their proprietary trades. LAPTIP accounts may not be maintained in a non-disclosed omnibus account. Please refer to Question #8 for specifics on clearing accounts.

18. How will my clearing firm be notified that my firm has been approved in the LAPTIP?

While we will do our best to notify the appropriate staff at any clearing firms you have included in your LAPTIP application, the responsibility to inform your clearing firm remains with you. Because the LAPTIP 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.

19. How does a clearing firm register a LAPTIP firm so it may 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 LAPTIP'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. LAPTIP 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

20. Can the subsidiaries located in eligible Latin American countries of financial groups headquartered outside those countries participate?

Yes. For example, a wholly owned subsidiary of a US-based entity, located in a qualified country may apply *if its traders are also based in the eligible country*. Additionally, wholly owned subsidiaries based in Caribbean locations will also qualify for LAPTIP if the parent entity is located in a qualifying country.



21. The following countries are eligible for the LAPTIP:

Argentina*	Colombia	French Guiana	Nicaragua	Suriname
Belize	Costa Rica	Guatemala	Panama	Uruguay
Bolivia	Dominican Rep.	Guyana	Paraguay	Venezuela
Brazil	Ecuador	Honduras	Peru	
Chile	El Salvador	Mexico*	Puerto Rico	

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 for further details.

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