



CME Globex Messaging Policy

Application and Explanation of Policy

The CME Globex Messaging Policy (“Policy”) is designed to support efficient market operations and foster high quality, liquid markets by encouraging responsible and reasonable messaging practices by market participants. The Policy will be administered at a market participant level that CME Group will determine in its reasonable discretion, including but not limited to executing firm, iLink session, account or Operator ID (Tag 50). Further, CME Group may aggregate executing firms and/or participants for purposes of determining whether a Product Group Benchmark has been exceeded in circumstances where a single entity is submitting messages via more than one executing firm number.

Messaging Scores and Volume Ratio

Pursuant to this policy, CME Group will measure the ratio between a market participant's messaging score and its traded volume in a particular product group. Messaging scores are calculated by assigning pre-defined factors to different order types (new orders, order modifications etc.) and then multiplying each market participant's raw messaging score by the pre-defined factors for the various messaging types submitted. For example, if order modifications were assigned a pre-defined factor of 1 and an Executing Firm had 4 order modifications their messaging score would be 4. Once the messaging score has been calculated it will be divided by the market participant's traded volume in a product group to obtain the market participant's volume ratio (“Volume Ratio”). The Volume Ratio will then be compared to the messaging benchmarks for each product (“Product Group Benchmarks”) to determine whether the market participant's is in compliance with the CME Globex Messaging Efficiency Program.

Product Group Benchmarks

Each quarter, CME Group will determine the Product Group Benchmark for a given product group based on observed performance over several time periods and the business needs of the market. These Product Group Benchmarks will generally be established and announced each quarter unless business circumstances demand that they be changed more frequently. When making the Product Group Benchmark calculation, CME Group may also add a product group specific variation factor to accommodate the unique dynamics of each individual market and to support enhanced liquidity. Updated Product Group Benchmarks are included in the CME Group Messaging Efficiency Program Benchmarks document (“Messaging Efficiency Document”) which is posted on the CME Group website.

General Exceptions

CME Group may except certain market participants from the Volume Ratio standards due to, among other things, low daily messaging volume, extreme market conditions, monthly Volume Ratios below the applicable Product Group Benchmark and market maker or liquidity provider status. The types of exceptions available are included in the Messaging Efficiency Document on the CME Group website.

Reports and Technology Surcharges

Reports on messaging activity and trading volume will generally be provided by CME Group on a T+1 (trade date + plus one business day) basis for market participant activity. Market Participants with daily Volume Ratios in excess of the Product Group Benchmarks may be subject to reasonable, daily technology surcharges at a product group level, or any other action as determined by CME Group in its reasonable discretion.

CME Group has established a process whereby market participants may request reconsideration of their surcharges. During the reconsideration period, CME Group staff will review the cause of the violation potential surcharge and may waive surcharges for any of the following reasons:

- i) Significant change in product volatility attributed to changes to market dynamics or systemic events;
- ii) Multiple executing firm numbers held by one Executing Firm when combined result in non-violation (Executing Firm number aggregation)
- iii) Market participants are actively working with CME Group staff on ways to become more efficient and have taken appropriate corrective actions.

The foregoing reasons to grant a surcharge waiver are applied in a consistent manner across all market participants.