

CME Group Market Data Trading Waiver Elimination

FREQUENTLY ASKED QUESTIONS

1. What does “grandfathered” mean?

Effective with the notice, November 12, 2013, the trading waiver will be eliminated for all new Distributors. For those Distributors that currently have Subscribers operating under the trading waiver, we will administer the program, through the end of 2014. Therefore, current Subscribers that qualify under the trading waiver may continue to benefit from the 100% discount in Subscriber fees, until the beginning of 2015. At these existing Distributors, any new Subscribers up until March 1, 2014 that meet the waiver criteria will be included in the grandfather category. After that point, any new Subscriber will pay the full rate.

2. I am an existing Subscriber under the trading waiver and I want to switch data providers. Can I still get the market data under the grandfathered waiver program?

Yes, if you qualify under the trading waiver, you may switch providers and still participate in the trading waiver up until March 1, 2014. After that date, you may still switch providers and be grandfathered, but you will need to work with your new data provider. They will need to submit a form to the exchange which will identify you as an existing Subscriber under the grandfathered waiver program.

3. If a waived user keeps their existing trading terminal and adds on a new one with a different provider will they be fee liable or waived?

If the new service is added starting March 1st, 2014 or after, it will be fee liable. Their existing service (prior to March 2014) with their current provider would remain waived. The Subscriber Trading Waiver Migration is specific to a waived user that cancels their current service and gets a new service with a new provider starting March 2014. The user does not keep their previous service.

4. I am an existing user who was grandfathered into the trading waiver prior to March 1st 2014. I have an active account and am looking to migrate my waived status to a different provider. How long do I have to complete this process?

A Subscriber who has grandfathered status after March 1st 2014 will have 60 days to end one service and start the same service with another provider while still being allowed to keep their waived status.

5. I am a market data Distributor and I currently have Subscribers that qualify for the trading waiver. Can new Subscribers still benefit from the trading waiver?

Yes, new Subscribers of market data before March 1, 2014 may participate in the trading waiver and participate in the grandfathered program through the end of 2014. New Subscribers of market data, as of March 1, 2014, will be assessed full Subscriber fees.

- 6. I am an existing Subscriber under the trading waiver for CME and CBOT but want to add NYMEX and COMEX market data; can I still get these exchanges under the grandfathered waiver program?**

If these exchanges, NYMEX and COMEX, are added starting March 1st, 2014 or after, they will be fee liable and will not qualify for the grandfathered status. The Subscriber will remain grandfathered for CME and CBOT through the end of 2014.

- 7. I am a Non-Distributing Recipient under the MDLA and my Subscriber fees are currently waived under the trading waiver. What if I add new Subscribers before March 1, 2014? Will they be waived of fees, or do I have to pay for them?**

Non-Distributing Recipients under the MDLA that operate under the waiver today may add new Subscribers into the grandfathered waiver program up until March 1, 2014. Beginning March 1, 2014 any new Subscribers will be liable for Subscriber fees at the current Subscriber rates. If you hired a new employee after March 1st, 2014 that was previously grandfathered into the waiver with another provider, they can migrate their waived status and be grandfathered into your waived user base for 2014 provided the migration form is completed and submitted to CME Group.

Non-Display Policy

- 8. If I am under non-display license for automated trading, do I need to get a separate license for trade internalization?**

Yes, automated trading and trade internalization are separate licenses within the non-display category. Both activities should be identified by updating Schedule 2 of your market data license agreement.

- 9. I currently report my use of data in automated trading systems. When can I stop reporting this use via DataPoint?**

ATS reporting should be submitted up to and including your February 2014 inventory. Beginning with March 2014, reporting will no longer be required for ATS use.

- 10. I currently use CME Group market data in Automated Trading Systems. When will I be assessed fees for this use?**

Beginning March 1, 2014, fees will be assessed for use of CME Group data in automated trading systems.

- 11. Do I have to report my use of data in automated trading systems, if I am licensed for Category A, non- display license for automated trading systems?**

No, reporting will no longer be required for automated trading systems, once the non-display policy becomes effective. Those that currently report use of data in automated trading systems should continue to do so through February 2014 inventory. As of March 1, 2014, the new policy will become effective and reporting will no longer be required.

12. I currently use market data within systems that internalize trades. I do not report this use, and it is currently not part of my license with CME. What should I do?

Customers that utilize market data in trade internalization systems must be licensed for this use. Schedule 2 to your market data agreement should be updated to identify this use. Please update your current Schedule 2 and return it to your IPM Account Manager, or send to marketdata@cmegroup.com.

13. What is the meaning of trade internalization? If I use market data for risk management purposes do I need to take the non-display license for trade internalization?

If you use data strictly for risk management purposes, you do not have to license for trade internalization. Trade Internationalization Systems – this category includes any electronic systems or computer software that matches trades within an organization.

All systematic use of data is part of the non-display license. You will need to update your Schedule 2, to identify all non-display use of CME Group market data.

14. Distributor provides API/Subscriber Site Access for Non Display Use, how should subscriber firms be handled?

CME will need to license directly with the Subscriber Firm. If this falls within the Managed User Non-Display then the firm would not license directly with CME Group and the Distributor would be responsible for reporting and administering the fee.

15. I'm a licensed Distributor and I would like to offer the managed user non-display to my customers. What is the process to add this on as a new service?

The provider would need to contact their market data account manager and update their schedule 2 to their market data license agreement and opt into this service. The provider of market data is required to have the single user complete a subscriber agreement, report Managed User Non-Display to CME, bill the user a reduced rate of \$170/monthly/exchange and remit back to CME.

16. My trading front end application lets me do auto spreading would I fall within Category A?

No, Category A for the Non-Display License is specific to automated trading via a non-display device. The subscriber would qualify for the user/device fees and not the non-display license.

17. If I'm a single user with an API that has other uses of data outside of automated trading would I qualify for the User Non-Display License?

The User Non-Display license for Category A would apply if the single user is using the data for automated trading purposes. Additionally, depending on the other use, the user/device fee could apply.

18. Can I qualify for the reduced non-display fee for Category A if I'm a single user within a firm that has an API for automated trading purposes?

No, the User Non-Display License and Managed User Non-Display license is specific to a single user subscriber and not a single user at a firm.

CME Group® is a registered trademark of Chicago Mercantile Exchange Inc. The Globe logo, CME, Chicago Mercantile Exchange and CME Globex, are trademarks of Chicago Mercantile Exchange Inc. Chicago Board of Trade is a trademark of the Board of Trade of the City of Chicago, Inc. NYMEX is a trademark of the New York Mercantile Exchange, Inc.

Futures trading is not suitable for all investors, and involves the risk of loss. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyles. And only a portion of those funds should be devoted to any one trade because they cannot expect to profit on every trade. All examples in this brochure are hypothetical situations, used for explanation purposes only, and should not be considered investment advice or the results of actual market experience.

The information within this brochure has been compiled by CME Group for general purposes only and has not taken into account the specific situations of any recipients of this brochure. CME Group assumes no responsibility for any errors or omissions. All matters pertaining to rules and specifications herein are made subject to and are superseded by official CME, NYMEX and CBOT rules. Current CME/CBOT/NYMEX rules should be consulted in all cases before taking any action.

Copyright © 2014 CME Group. All rights reserved.