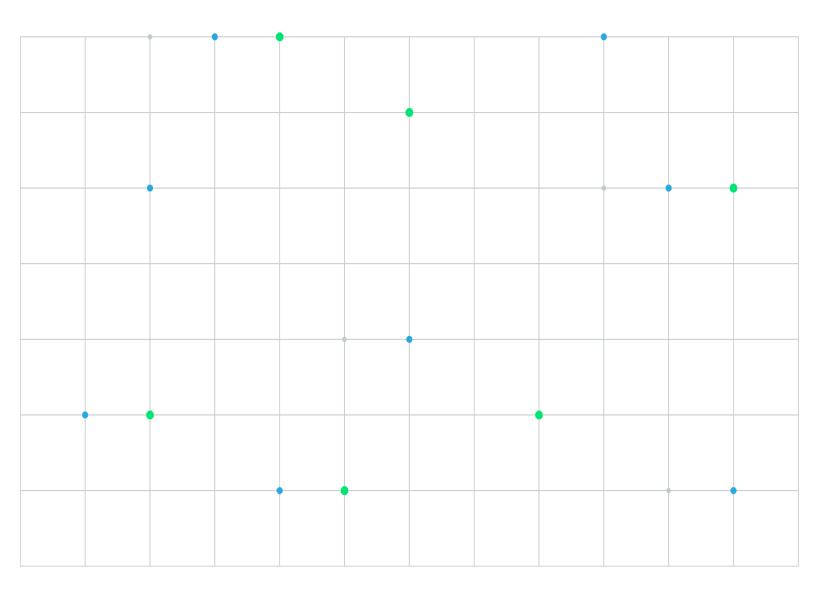


FX Link and FX Spot+ Credit Management User Guide

14 February 2025



Disclaimer

Neither futures trading nor swaps trading are suitable for all investors, and each involves the risk of loss. Swaps trading should only be undertaken by investors who are Eligible Contract Participants (ECPs) within the meaning of Section 1a(18) of the Commodity Exchange Act. Futures and swaps each are leveraged investments 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 either a futures or swaps 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 traders cannot expect to profit on every trade. All examples discussed are hypothetical situations, used for explanation purposes only, and should not be considered investment advice or the results of actual market experience.

CME Group, the Globe Logo and CME are trademarks of Chicago Mercantile Exchange Inc. CBOT is a trademark of the Board of Trade of the City of Chicago, Inc. NYMEX is a trademark of New York Mercantile Exchange, Inc. COMEX is a trademark of Commodity Exchange, Inc. All other trademarks are the property of their respective owners.

The information within this manual has been compiled by CME Group for general purposes only. CME Group assumes no responsibility for any errors or omissions. Additionally, all examples in this manual are hypothetical situations, used for explanation purposes only, and should not be considered investment advice or the results of actual market experience. All matters pertaining to rules and specifications herein are made subject to and are superseded by official CME, CBOT and NYMEX rules. Current rules should be consulted in all cases concerning contract specifications.

Copyright © 2025 CME Group Inc. All rights reserved.

Table of Contents

FX Link and FX Spot+ Credit Management	4
Support Resources	
Spot FX Onboarding, Registration, and Support	
User Roles	
Log In	5
Managing Trading Firm Limits	
Setting Spot FX Credit Limits	6
Setting Credit Limits for Spot FX Firms	7
Setting Credit Limits for Trading Firms	
Managing Trading/Executing Firms	14
Downloading Credit Limits	14
Suspending Order Entry	15
Removing (Unlinking) a Trading Firm	
Monitoring FX Spot Credit Usage	
Managing Thresholds and Alerts	
Spot FX Firm Thresholds and Alerts	
Trading Firm Thresholds and Alerts	19
Account Setup	
Creating a FX Spot Account	
Additional Account Functions	
Support Resources	23

FX Link and FX Spot+ Credit Management

CME FX Link and FX Spot+ credit is managed through the Entity Risk Management (ERM) application. ERM allows Credit Risk Administrators to set and manage credit limits and monitor Credit Group utilization for both FX Link and FX Spot+ at the entity and firm level by product or Net Open Position (NOP).

NOP controls the aggregate net long and net short currency pair positions. It is applied to each currency pair, but enforced separately for each currency.

This guide describes features and functions used by Credit <u>Administrators</u> to navigate ERM and perform functions necessary for credit risk management, including:

- Accessing Spot FX Firm settings
- Spot FX and Trading Firm limits: At the <u>Spot FX</u> and/or <u>Trading</u> Firm (including <u>execution</u> firms associated with a trading firm) set product level (<u>Long/Short</u>) and/or <u>NOP</u> limits.



Note: Product level (Long/Short) and NOP limits are optional, however, at least one must be set to permit trad-

- Managing Thresholds and Alerts: Specify email addresses to receive a notification when a percentage (50-100%) of Spot FX, trading firm NOP and/or product limits have been breached.
- Account Setup

Support Resources

Related Resources

- Account Management Service (AMS): Create, view and manage accounts, including Spot FX firm associations with trading firms/account owners and execution firms (GFIDs).
- Risk Monitor: View daily account and Spot FX firm activity summary, view activated threshold alerts, audit trail of account / firm activity, list of rejected trades, account and Spot FX firm limit usage, as a chart or table.

Support

- For login or access issues, contact Enterprise Application & System Entitlements (EASE) or go to the CME Group Login page.
- For onboarding assistance and application functionality, contact Global Account Management.
- For credit questions or issues contact <u>FX Spot Credit</u>.
- For more details about credit functionality on CME FX Link and FX Spot+, refer to the <u>CME FX Link and FX Spot+</u> Credit Overview.

Spot FX Onboarding, Registration, and Support

Prior to requesting access and using the application, the following is required:

- A. CME Group Login ID: including multi-factor authentication
 - · Authenticates user access and application entitlements to ERM, AMS, Risk Monitor
 - Submitted on onboarding/access forms to identify Primary FX and Spot FX firms and users
- B. For security purposes, a Middle Office Admin Manager is required to submit an access request form.

If the firm does not have a Middle Office Manager, contact CME Global Account Management.

After completion of onboarding, admins and users will receive email notification and Spot FX firms will be available for management.

User Roles

Users will be assigned permission for roles that are suitable for their business function. The following roles are available:

- **Primary FX Firm Admin**: The Primary FX Firm, also known as Central FX Prime Broker (CFXPB), to manage bilateral FX physical settlement. A Primary FX Firm is the principal to all transactions. This model supports an all-to-all marketplace. The Primary FX Firm Admin users have full view and modification capabilities to set limits on each Spot FX Firm [Prime Broker (PB) or Direct Trading Participant].
- **Primary FX Firm Viewer**: The Primary FX Firm Viewer users have full view information capabilities to view limits on each Spot FX Firm (PB or Direct Trading Participant).
- **Spot FX Firm Admin**: The Spot FX Firm (PB or Direct Trading Participant) settles their transactions with the Primary FX Firm and their Trading Firms. The Spot FX Firm Admins are assigned limits from the Primary FX firm and in turn set limits on their Trading Firms. The Spot FX Firm are assigned limits from the Primary FX firm and in turn set limits on their Prime Clients.

The Spot FX Firm Admin users have full view and modification capabilities to set and view credit limits from their Spot FX Firm to related Trading Firms and to view limits assigned to their Spot FX Firm from the Primary FX Firm.

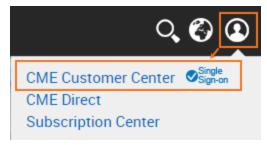
• **Spot FX Firm Viewer**: The Spot FX Firm Viewer users have full view information capabilities to view credit limits from their Spot FX Firm to related Trading Firms and to view limits assigned to their Spot FX Firm from the Primary FX Firm.

Log In



To logilito Entity Flori Managomoni.

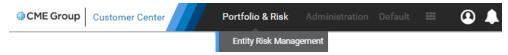
1. Navigate to cmegroup.com, select the Login / Profile icon(), then select CME Customer Center (single sign on).



2. On the page that appears, enter the CME Group Login ID and Password, then select Login.



3. From the **Portfolio & Risk** tab, select **Entity Risk Management**.



Managing Trading Firm Limits

Primary FX Firm and Spot FX Firm Administrators and can set the following FX Spot+ credit limits at the firm level:

- Net Open Position (NOP): Controls the aggregate net long and short exposures with a counterparty.
- Max Qty Long and Max Qty Short: Limits the net long and short exposures in a currency pair.



Note: Long/Short and NOP limits are optional, however, at least one must be set to permit trading.

On entry, each order is credit checked against all applicable limits: Long/Short, NOP, or both.

For credit utilization examples using the **Net Open Position**, **Max Qty Long** and **Max Qty Short** settings, refer to the <u>CME FX</u> Link and FX Spot+ Credit Overview.

Setting Spot FX Credit Limits

When setting the **Net Open Position (NOP)** and **Max Qty Long** and **Max Qty Short** credit limits for FX Spot+ products, consider the following:



To allow trading NOP or Max Qty Long and Max Qty Short must be set.

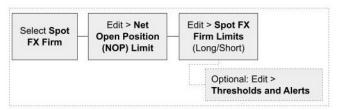
- A NOP value of "0" blocks all trading.
- A Max Qty Long and Max Qty Short value of "0" blocks trading in the currency pair.
- If a **NOP** credit limit is set for the firm and the **Max Qty Long** and **Max Qty Short** credit limits are "**Not Set**" for currency pairs, trading in each currency pair is limited by the **NOP** setting.
- Conversely, if limits are set for currency pairs and the **NOP** limit is "**Not Set**", trading in each currency pair is limited by their **Max Qty Long** and **Max Qty Short** limits.
- If both NOP and the Max Qty Long and Max Qty Short limits are set, trading in each currency pair is limited by the
 most restrictive setting.
- If the NOP setting is reduced to "0" after a position is established, only risk-reducing orders are allowed. If both the
 Max Qty Long and Max Qty Short limits are reduced to "0" for a currency pair after a position is established, only risk reducing orders for the currency pair are allowed.

The Primary FX Firm Administrator sets limits for each Spot FX Firm or Direct Trading Participant, which in turn sets limits for Trading Firms and Execution Firms and accounts. A Trading Firm is a collection of Execution Firms (GFIDs) to which a Spot FX Firm allocates credit; this could be a Prime Client or a Direct Trading Participant.

- Managing Spot FX Firm
- Managing Trading Firm

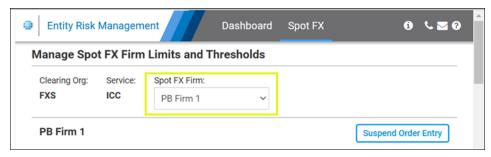
Setting Credit Limits for Spot FX Firms

As a Primary FX Firm Administrator, use the following procedure to select a Spot FX Firm (Prime Broker or Direct Trading Participant), set thresholds and alerts, and set credit limits for the firm.

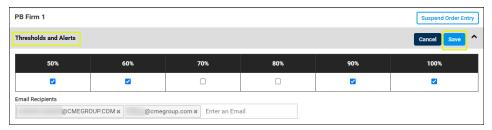


To set credit limits for a Spot FX Firm:

- 1. From the Entity Risk Management menu, select Spot FX.
- From the Spot FX page, select the Spot FX Firm to view / manage.If you are entitled for one Spot FX firm, it is automatically selected.



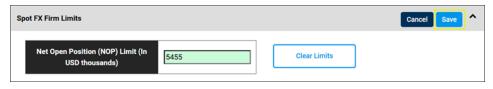
3. In the **Thresholds and Alerts** pane, set email alerts for up to 20 email recipients when the Spot FX firm uses a select percentage of its limit thresholds (settings from 50% to 100%), then select **Save**.



4. Select **Edit** in the **Spot FX Firm Limits** pane.



5. Enter a Net Open Position (NOP) Limit.



Note: Limits are set in USD thousands equivalent. In the above NOP Limit example: 5455 = \$5,455,000 USD

If you set a NOP limit, it will be applied to all selected product groups and products (currency pairs).

Note: If you select Clear Limits, all currency pair values for the Max Qty Long and Max Qty Short are cleared (the NOP value is not cleared).

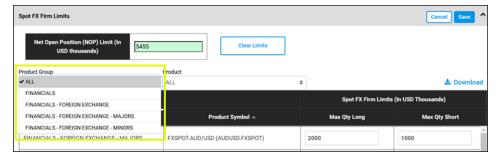
The NOP limit must be set before clearing any currency pair limits. When attempting to clear Product limits, if NOP limit is not set, a dialog will appear.

Invalid Product Limits

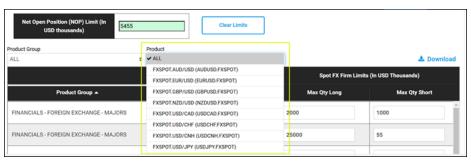
NOP limit must be set prior to clearing currency pair limits.

6. Select Spot FX product groups and currency pairs.

In the **Product Group** field, select a one or more Product Groups or select **ALL**.

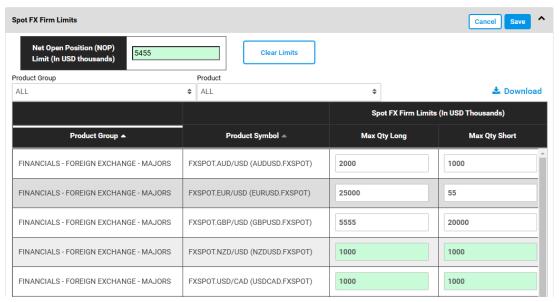


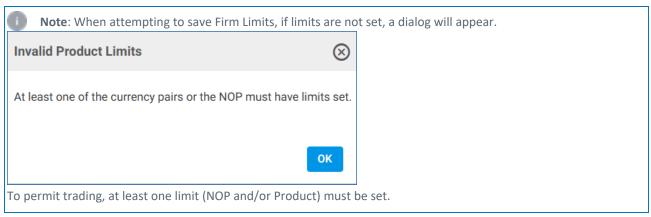
In the **Product** field, select one or more Spot FX currency pairs or select **ALL**.



7. To set a credit limit per currency pair, enter a Max Qty Long and Max Qty Short value for each pair.







8. To finalize, select **Save**.

The NOP and Max Qty Long/Short credit limits are set for all selected currency pairs for the Spot FX firm.

Setting Credit Limits for Trading Firms

As a Spot FX Firm (Prime Broker or Direct Trading Participant) administrator, use this procedure to access the Spot FX Firm page to link Trading Firms, set up the relationship with Execution Firm(s), create an account if needed, and set credit limits for the Trading Firm.



To set credit limits for a Trading Firm, you must first link the Trading Firm and its accounts.

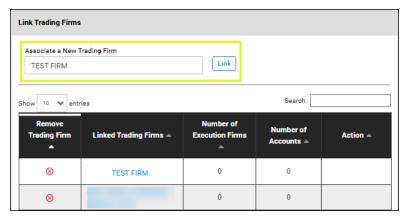


To set credit limits for Trading Firms:

- 1. From the Entity Risk Management menu, select Spot FX.
- From the Spot FX page, select the Spot FX Firm to view / manage.If you are entitled for one Spot FX firm, it is automatically selected.



3. In the Link a Trading Firms field select / link a trading firm, then select Link.

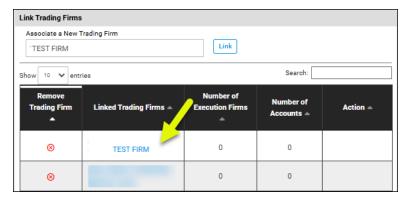


As you type, trading firms appear in a list; select from available options.

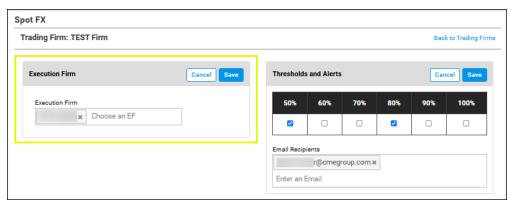
A confirmation message indicates successful linking and the Trading firm is added to the list of linked firms.



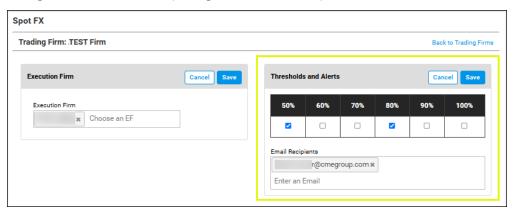
4. Select the linked Trading Firm.



5. To add or change the Execution Firm pane, select **Edit**, then specify **Execution Firm(s)** to link, then select **Save**.



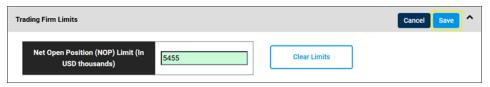
- 6. If the linked Trading Firm does not have an account, <u>create the account</u> in the **Account Management Service**. A registered account that is linked to a Trading firm, Executing Firm and Spot FX Firm is required on every order.
- 7. In the **Thresholds and Alerts** pane, set email alerts for up to 20 email recipients when the firm uses a select percentage of its limit thresholds (settings from 50% to 100%).



8. Select Edit in the Spot FX Firm Limits pane.



9. Enter a Net Open Position (NOP) Limit.

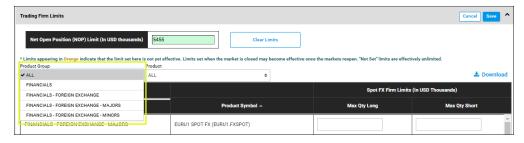




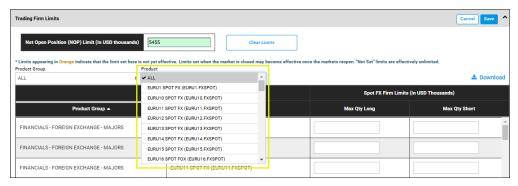
If you set a NOP limit, it will be applied to all selected product groups and products (currency pairs).

10. Select product groups and currency pairs.

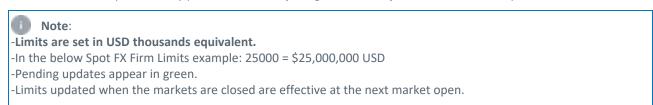
In the Product Group field, select a one or more Product Groups or select ALL.

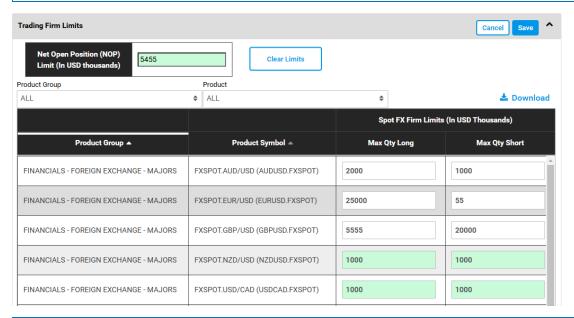


In the **Product** field, select one or more currency pairs or select **ALL**.



11. To set a credit limit per currency pair, set a Max Qty Long and Max Qty Short value for each pair.





Note: Pending updates appear in green.

Limits updated when the markets are closed are effective at the next market open.

12. To finalize, select **Save**.

The NOP credit limit is set and will be applied to all selected product groups and currency pairs for the Trading Firm and associated Execution Firm and account.

Managing Trading/Executing Firms

Primary FX and Spot FX Firm administrators can perform the following tasks to manage their clients:

- Download credit limits
- Suspend order entry
- Remove a linked Trading Firm (FX Spot Firm Administrator)
- · Monitor credit usage

Downloading Credit Limits

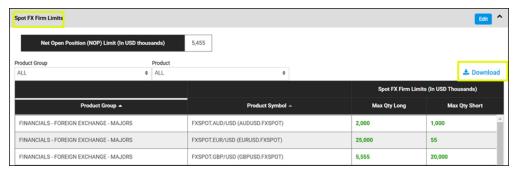
The following administrators can download credit limits set for a FX Spot Firm or Trading Firm:

- Primary FX Firm administrators can download credit limits for each individual FX Spot Firm (Prime Broker/Direct Trading Participant).
- FX Spot Firm administrators can download credit limits for each individual linked Trading Firm.

To download credit limits:

- 1. From the Entity Risk Management menu, select Spot FX.
- 2. From the Spot FX page, select the **Spot FX Firm** to view / manage.
- 3. Download the credit limits set for the selected firm.

As a Primary FX Firm Administrator, select **Download** in the Spot FX Firm Limits pane.



As a FX Spot Firm Administrator, select **Download** in the **Trading Firm Limits** pane.



The FXSpot.csv file containing the credit limits is downloaded to your local drive.

For example, the following CSV file shows credit limits set for a FX Spot Firm set by the Primary FX Firm.



Suspending Order Entry

Primary FX and Spot FX Firm administrators can suspend new order entry for FX Spot+ products:

- Primary FX Firm administrators can suspend/allow trading for a Spot FX Firm. Trading Firms is still permitted, but order entry will be suspended.
- FX Spot Firm administrators can suspend/allow order entry for linked Trading firms, associated Execution Firms, and accounts.

> -

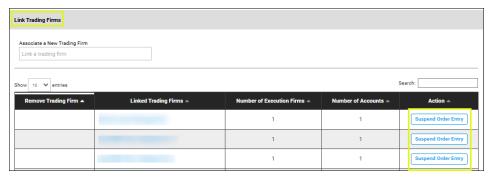
To suspend order entry:

- 1. From the Entity Risk Management menu, select **Spot FX**.
- 2. From the Spot FX page, select the **Firm** to view / manage.
- 3. Suspend order entry for the FX Spot Firm or Trading Firm.

As a Primary Firm Administrator, select **Suspend Order Entry** for the Spot FX firm selected in the **Manage Spot FX Firm Limits and Thresholds** pane.



As a FX Spot Firm Administrator, select **Suspend Order Entry** for the Trading Firm(s) displayed in the **Link Trading Firms** pane as needed.



4. Select OK to confirm.



Order entry is suspended for the firm. Select Allow Order Entry to restore trading as needed.



When trading is suspended, new Globex orders will be rejected.

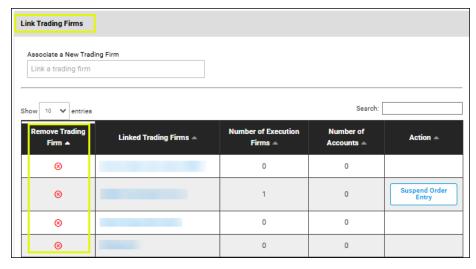
To cancel working / resting orders, an authorized Spot FX user must contact the GCC.

Removing (Unlinking) a Trading Firm

Spot FX Firm administrators can unlink Trading Firms and their associated Execution Firms and accounts to remove the trading relationship with a firm.

To remove (unlink) a Trading Firm:

- 1. From the Entity Risk Management menu, select **Spot FX**.
- 2. From the Spot FX page, select the **Firm** to view / manage.
- 3. In the Link Trading Firms pane, select the delete icon "o" to remove a linked Trading Firm.



Trading firms with a delete icon are not linked to execution firms with accounts and can be removed.

In the **Remove Trading Firm Link** popup, select **OK** to confirm.



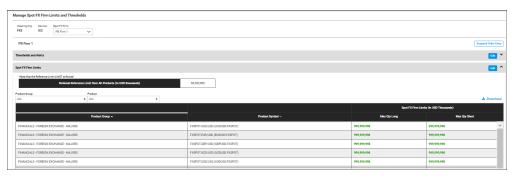
The Trading Firm is unlinked from the Spot FX Firm.

Monitoring FX Spot Credit Usage

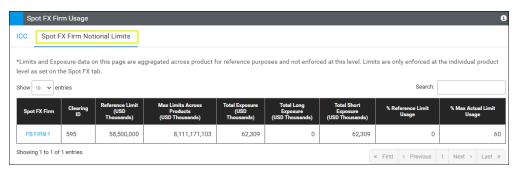
Primary FX and Spot FX Firm administrators can monitor account and firm trading activity, including usage against maximum permissible limits. In <u>Risk Monitor</u>, the **Spot FX Firm Usage** pane on the Dashboard shows the amount of credit used per FX Spot Firm or Trading Firm. The following example shows the percentage of credit used by FX Spot Firms managed by a Primary FX Firm.



Selecting the Clearing ID/Firm name below the chart will link you back to Entity Risk Manager to view or adjust credit limits for the Spot FX Firm as shown.



In the **Spot FX Firm Usage** pane in Risk Monitor, selecting **Spot FX Firm Notional Limits** displays the firm credit usage in notional terms.



Managing Thresholds and Alerts

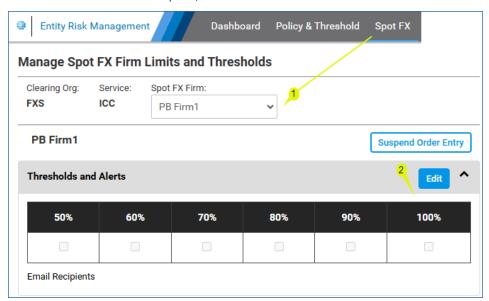
Authorized Spot FX users can set thresholds to receive an email alert when a percentage (50-100%) of Spot FX and trading firm NOP and product limits have been breached.

Spot FX Firm Thresholds and Alerts



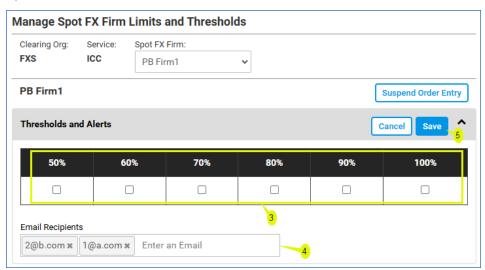
To manage Spot FX firm thresholds:

- 1. Select the **Spot FX** menu, then select a **firm** from the drop-down menu.
- 2. On the Thresholds and Alerts pane, select Edit.



- 3. On the edit dialog that appears, select **thresholds** at which to be notified.
- 4. Enter individual email addresses, followed by the ENTER key.

Up to 20 email addresses can be added.

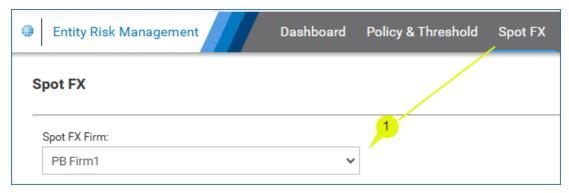


5. After completing threshold and alert entry, select **Save**.

Trading Firm Thresholds and Alerts

To manage trading firm thresholds:

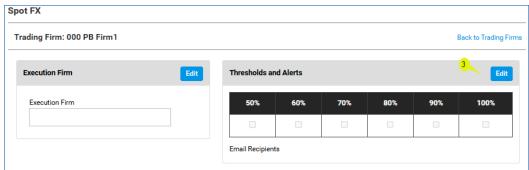
1. Select the **Spot FX** menu, then select a firm from the drop-down menu.



2. On the Link Trading Firms pane, select a blue linked trading firm to manage.



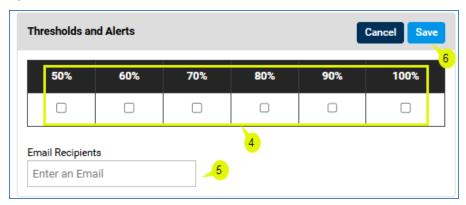
3. On the screen that appears, on the *Thresholds and Alerts* pane. select the **Edit** button .



4. On the edit dialog that appears, select **thresholds** at which to be notified.

5. Enter individual email addresses, followed by the **ENTER** key.

Up to 20 email addresses can be added.



6. After completing threshold and alert entry, select **Save**.

* Alert settings are not yet effective. If CME Globex markets are closed, updates are effective at the next market open.

Account Setup

Creating a FX Spot Account

Following <u>Trading and Execution</u> Firm and <u>limits</u> setup, before the entity is authorized to submit orders, use Account Management Service to create an account associated with the Execution Firm.

The following instructions illustrate the process to create a clearing account, entitled for Inline Credit Controls (ICC) and used for FX Spot+.

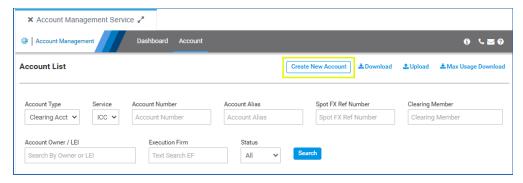


After creating a ICC enabled account, FX Spot requires a Central FX Prime Broker to use Entity Risk Manager to <u>associate a trading firm</u> with the CME Globex Executing firm(s).

To create a trading account:

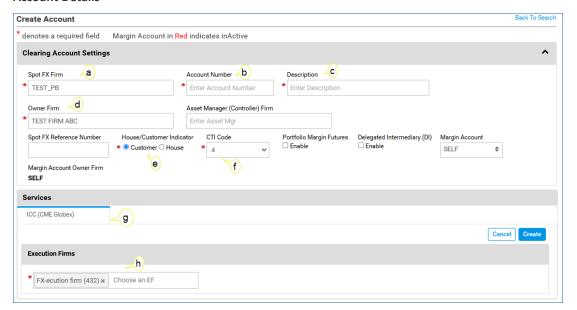
1. From Account Management Service, perform an account search.

If the account does not exist, select Create New.



2. On the page that appears, enter account details.

Account Details

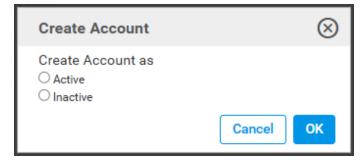


- a. Clearing Member: Enter the name of the FX Spot Firm submitted on the onboarding form.
 - The field name updates to FX Spot Firm.
- b. **Account Number**: Unique and existing account numbers not linked to the GFID/Execution firm may be used. This account **must** be present on every order.
 - For EBS GFIDs, use the recommended name format: "GFIDFXSpot".
- c. **Description**: Specify details to identify the firm or its purpose.
- d. **Owner Firm**: Refers to the *Trading Firm* associated with the FX Spot Firm, as submitted on onboarding forms.
- e. **Customer/House**: (default is Customer) Indicates whether the account represents customer segregated funds or house funds.
- f. **CTI Code**: **CTI1** An individual member trading for her or her own account, **CTI2** A member firm trading for its proprietary account, **CTI3** A member firm trading for another member, **CTI4** (default) All other individuals.
- g. **Service**: For FX Spot, the only available option is ICC (CME Globex).
- h. **Execution Firms**: Select the execution firm that was submitted on onboarding forms and setup by CME Group to be selectable from the list.

Available options and required details [indicated by a red asterisk (*)] are dependent on selected firm and service.



3. After entering account details, select Create, then select to create Active or Inactive (to activate later).

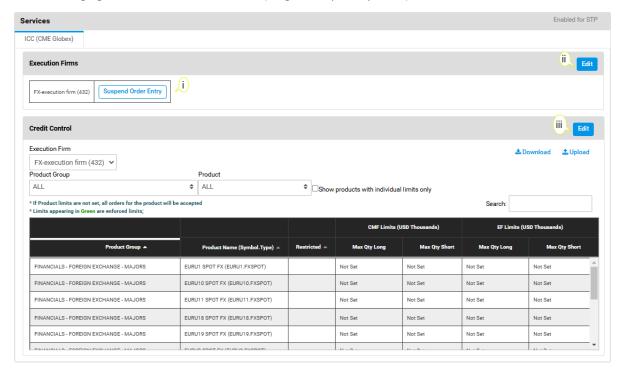


ERM includes additional functions to suspend order entry and manage long/short firm limits at the Spot FX firm level.

Additional Account Functions

From the AMS > Services screen, authorized admin users can also manage account-level settings, including:

- i. Suspending Execution Firm order entry,
- ii. Editing Account details or
- iii. Managing account-level credit controls (long/short quantity limits).



Support Resources

- For login or access issues, contact Enterprise Application & System Entitlements (EASE) or go to the CME Group Login page.
- For onboarding assistance and application functionality, contact <u>Global Account Management</u>. For credit questions or issues contact FX Spot Credit.