



Manage global FX risk and capture opportunity. In every corner of the world.

With over \$120 billion in daily liquidity, CME Group is the world's largest regulated FX marketplace. We offer transparent pricing in a regulated, centralized marketplace that provides all participants with equal access to 56 futures contracts and 31 options contracts based on over 20 major world currencies. Market participants execute currency-related strategies, including diversifying international assets and hedging currency risk through trading our FX futures contracts or clearing OTC FX transactions through CME ClearPort.

THE BENEFITS OF TRADING CME FX PRODUCTS

- » **Liquidity**
- » **Choice**
- » **Anonymity and Price Transparency**
- » **Safety and Security**

Liquidity

The volume you need to drive maximum results.

More than \$120 billion in FX futures and options flow through CME FX markets every day. Our markets are supported by automated trading systems that supply real-time, dealable quotes and deliver exceptional global market liquidity across a dynamic trading venue for a large pool of diverse participants — enhancing your ability to get in and out of markets quickly and easily.

FX Futures and Options Average Daily Volume in USD Notional Terms
(2000 – 2011)



A WORLD OF MARKET PARTICIPANTS

- » Banks
- » Hedge Funds
- » Principal Trading Firms
- » Commodity Trading Advisors (CTAs)
- » Asset Managers
- » Trading Arcades
- » Active Individual Traders
- » Multinational Corporations
- » Currency Overlay Managers

To find out more about FX products, visit cmegroup.com/fx.

Choice

A world of FX futures and options designed to manage your global exposure.

CME Group offers a fully global product suite of 56 futures and 31 options contracts. Our listed contracts cover over 20 global currencies, including major and emerging markets, plus 20 non-U.S. dollar cross-rate FX pairs. Our FX options provide you your choice of Quoting Method either Premium or Implied Volatility and expiration style, American (2:00 p.m. Central Time) or European (9:00 a.m. Central Time).

New and expanding OTC clearing solutions.

We offer clearing services for more than 35 OTC Non-Deliverable Forwards (NDFs) and Cash-Settled Forwards (CSFs) through CME ClearPort. CME ClearPort is a set of flexible clearing services, which provides OTC traders with an open-access, platform-agnostic, post-execution clearing service. The structure of CME ClearPort lets you control how, with whom and on what terms you trade — while increasing your clearing security, efficiency and confidence.

Additionally, FX Block Trades and Exchange for Physical (EFP) transactions can be cleared through CME ClearPort. For more information on OTC FX Products, visit cmegroup.com/fxclearing.

Multiple ways to execute with CME Group.

With CME Group, you choose the way you want to execute your trades — either electronically on CME Globex, on the trading floor, or bilaterally in a Block, EFP or Request-for-Quote (RFQ) format. No matter which execution method you select, your counterparty credit risk is substantially mitigated with CME Clearing.

Anonymity and Price Transparency

Open access and direct participation.

CME Group's open, fair and anonymous trading environment delivers equal access to markets and pricing information whether you are a bank, multinational corporation or an active individual trader. The complete book of prices is visible to every customer and transaction costs and fees for all parties are fully disclosed.

Safety and Security

CME Clearing provides safety and soundness for your trades.

The liquidity, transparency and security of CME Group FX markets provide customers around the world with safe, efficient means for managing FX risk. By acting as the counterparty to every trade, CME Clearing mitigates counterparty credit risk when clearing on- or off-exchange through CME ClearPort.

→ Listed Products

G10 CURRENCY PAIRS

AUD/USD*	EUR/GBP*
AUD/CAD	EUR/CAD
AUD/JPY	EUR/CHF*
AUD/NZD	EUR/JPY*
CAD/USD*	EUR/NOK
CAD/JPY	EUR/SEK
CHF/USD*	GBP/USD*
CHF/JPY	GBP/JPY
Dow Jones CME	GBP/CHF
FX\$INDEX	JPY/USD*
EUR/USD*	E-mini JPY/USD
E-mini EUR/USD	NOK/USD
EUR/AUD	NZD/USD*
	SEK/USD

EMERGING MARKET CURRENCY PAIRS

BRL/USD*	PLN/USD*
CZK/USD*	PLN/EUR*
CZK/EUR*	RMB/USD*
EUR/TRY	RMB/EUR*
HUF/EUR*	RMB/JPY*
HUF/USD*	RUB/USD*
ILS/USD*	USD/RMB (CNY)
KRW/USD*	USD/TRY
MXN/USD*	ZAR/USD*

*Denotes both futures and options are available.

FX Order Execution Dashboard Tool

The FX Order Execution Dashboard is a set of interactive online tools designed to provide quantitative, timely and useful data for improving order execution strategies and capitalizing on the full benefits of our FX futures. This tool offers the opportunity to assess market impact costs of order execution strategies by easily comparing and contrasting the implications of different order quantity placement times vs. potential outcomes.

Test your order execution strategies today at cmegroup.com/foed.



Hedge to Manage Risk, Reduce Costs and Leverage Working Capital.

Let's imagine that on 1 September, a European-based company agrees to buy computer equipment from a U.S. manufacturer, and payment of U.S.\$100 million is due upon delivery on 1 December.

Between those dates, the price of the Euro in relation to the U.S. dollar will fluctuate. What if the value of the Euro were to fall significantly, that is, the exchange rate in USD per EUR falls from 1.3000 to 1.2000?

Cost of USD 100M in EUR on 1 SEPT	€76.923 million
Cost of USD 100M in EUR on 1 DEC	€83.333 million

How could the company hedge against FX exposure?

Sell Euros on 1 September needed for a purchase of U.S. dollars to buy U.S. computers:

This would have eliminated any currency risk but would also have tied up nearly €77 million for three months (assuming the exchange rate at that date was 1.3000 per Euro).

Hedge the exposure of the lower Euro by selling futures contracts:

By selling 616 Euro FX futures contracts (each contract represents an underlying value of €125,000), the EUR-based company locks in the price it receives in U.S. dollars for Euros and fixes the ultimate cost of the new U.S. computer equipment. Eight contracts represent €1 million (Euros), therefore, 616 contracts represent €77,000,000 (= 616 contracts x €125,000 per contract). The short futures position gains value in U.S. dollars as the price falls from 1.3000 to 1.2000, for a difference of 0.1000 USD per EUR. Given each futures contract is worth €125,000 and 616 contracts were sold as a hedge, the gain in U.S. dollars is U.S. \$7.700 million (= €125,000 per contract x 616 contracts x U.S. \$0.1000 per €). This profit offsets almost exactly the increased cost of the U.S. \$100 million (original €76.923 million now buys only U.S. \$92.308 million, but when the U.S. \$7.700 million futures hedge profit is added, the EUR-based company has the needed U.S. \$100 million).

Selling futures is a more efficient use of capital because a qualified hedger with a futures account is only required to put up a percentage of the full contract value (a performance bond/margin) to buy or sell the futures contract — about \$5,000 per contract (U.S. \$3.08 million) to hedge U.S. \$100 million in currency risk.

Cash FX and FX Futures Hedging Examples

CASH	
Cost of USD 100M in EUR on 1 SEPT	€76.923 million
Cost of USD 100M in EUR on 1 DEC	€83.333 million
Profit / Loss	- €6.410 million ≈ \$7.692 million

FUTURES POSITION (Short 616 / Hedge Results)	
Price of EUR Futures on 1 SEPT	\$1.3000 per EUR
Price of EUR Futures on 1 DEC	\$1.2000 per EUR
Original €76.923 million at \$1.2000 per EUR buys \$92.308 million	Profit / Loss x 616 Contracts \$7.700 million
\$92.308 million plus \$7.700 million hedge profit more than covers \$100 million cost of U.S. computers	\$100.008 million
Net Profit / Loss	+\$0.008 million

If you're looking for an edge in FX, look no further than CME Group. To get started trading CME FX products or for more information, call or visit cmegroup.com/fx.

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