

FX

MONTHLY REVIEW

December 2016

Performance Overview of FX Futures and Options:

- Highlights
- Trends
- Resources



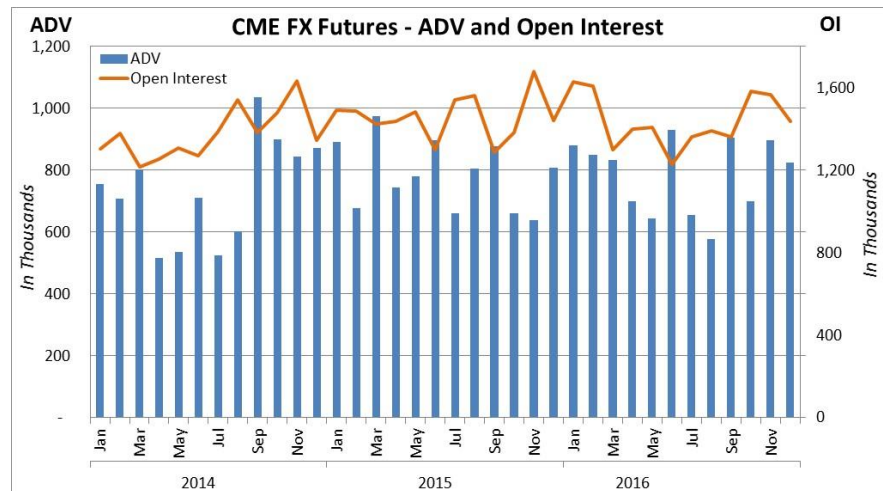
Awarded "Best FX Platform
for Hedge Funds" at the
2016 Profit & Loss
Readers' Choice Awards



PRODUCT OVERVIEW - FUTURES

CME FX FUTURES

- December 2016 FX Futures ADV of 823,990 (\$79 billion notional)
- FX Futures ADV fell 8% vs. November, but are up 2% compared to December 2015
- After a volatile November driven by the US Election, volumes fell slightly during the holiday season in December



LAUNCH OF FX MONTHLY FUTURES – AVAILABLE TO TEST NOW AND TRADE ON FEBRUARY 27

- CME FX will offer monthly futures contracts on six currency pairs where CME already offers quarterly futures. Click here to [view the Contract Specs](#).
- For each currency pair, three monthly contracts will be listed at any given time (in addition to the existing quarterly contracts), resulting in four consecutive front end expiries
- The launch of FX Monthly futures will not change the format of FX options – they will deliver as normal into the quarterly contracts only
- The **Market Development Program** is available to all participants and provides long term fee incentives for meeting minimum average daily volume thresholds
 - Program participants that trade at least 50 new FX monthly futures contracts within the first two weeks of launch receive fee waivers on all volume transacted in FX monthly futures contracts through June 30, 2017
 - Based on monthly ADV in FX monthly futures, program participants may be eligible to earn a 50% fee discount for FX monthly futures contracts for 24 months
 - Contact Kevin McMillin (kevin.mcmillin@cmegroup.com) for more information
- Stay [updated on FX Monthly futures](#) and find out more information at this page

Monthly Futures currency pairs:	
AUD/USD	GBP/USD
CAD/USD	JPY/USD
EUR/USD	EUR/GBP

NEW MARKET SEGMENT FOR FX FUTURES AND OPTIONS

- Starting on Sunday, January 22, new market segment for some FX futures and options markets will launch to support the upcoming Triangulation initiative
- There are no changes to MDP 3.0 functionality or messaging format associated with these market segment changes
- To facilitate these changes, customers are asked to cancel all Good 'Till Cancel (GTC) and Good 'Till Date (GTD) order for all User-Defined Spreads (UDS) on Market Segment ID 52 by the close on Friday, January 20

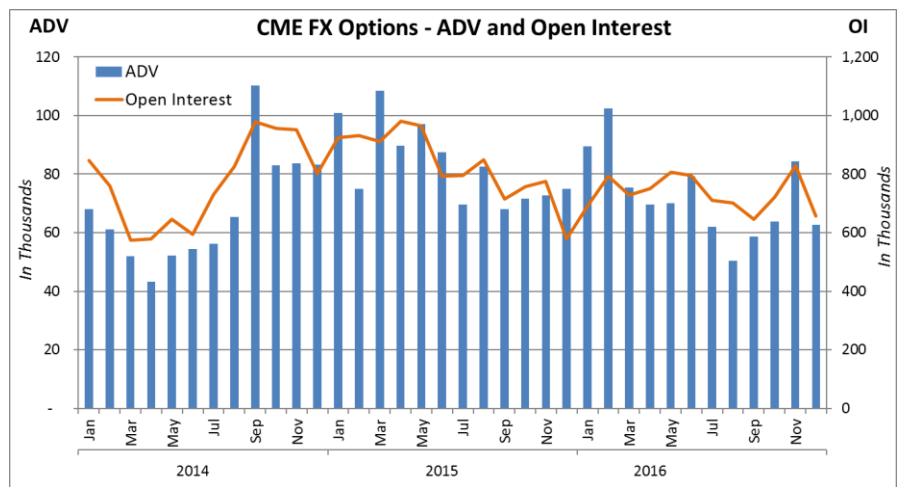
The Market segment for FX futures and options markets will be changed according to the table below:

Market Segment Changes for FX Futures and Options					
Product	MDP 3.0 Channel	Current Tag 1300-MarketSegmentID	New Tag 1300-MarketSegmentID	Production Launch	New Release Launch
CME Globex FX Options	315	52	88	January 22	Available
CME Globex FX Futures	314	62	88	February 05	Available

PRODUCT OVERVIEW - OPTIONS

CME FX OPTIONS

- December 2016 FX Options ADV of 62,567 (\$7 billion notional)
- FX Options ADV fell 26% vs. November as volatility subsided during the holidays



VOLATILITY QUOTED OPTIONS AND TRIANGULATION FUNCTIONALITY

Volatility Quoted Options (VQO) launched on November 14 on the G6 currency pairs and has traded in multiple pairs

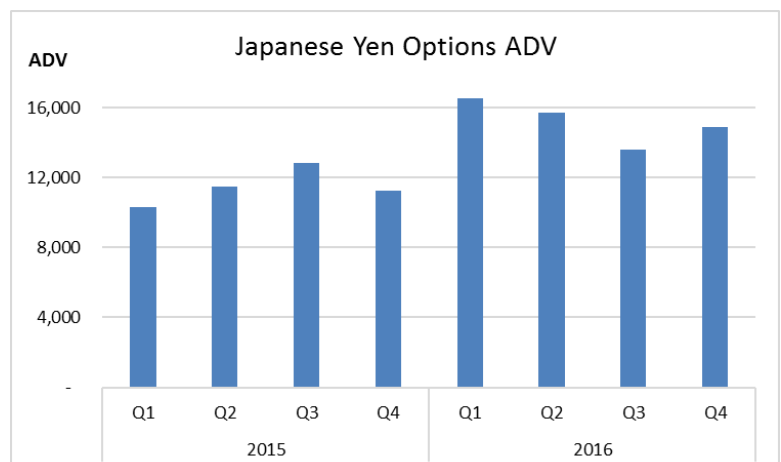
- VQO allows submission of orders in terms of volatility instead of price
- Trading VQO includes an attached delta hedge in the corresponding underlying futures contract (similar to a covered option)
- Benefits of VQO: lower execution risk/larger average trade size (minimum trade quantity of 20 contracts)

Innovative **Triangulation functionality** links the premium-quoted options book with the volatility-quoted options book. Triangulation is live in the New Release testing environment and will go live for AUD/USD options on February 27, available in new release testing environment now.

- Triangulation in additional FX option pairs will be available in Q2 2017.
- Matching from triangulation will occur in minimum trade quantity of 20 option contracts when there is a full hedge quantity available in the corresponding futures.

GROWTH IN JAPANE YEN OPTIONS

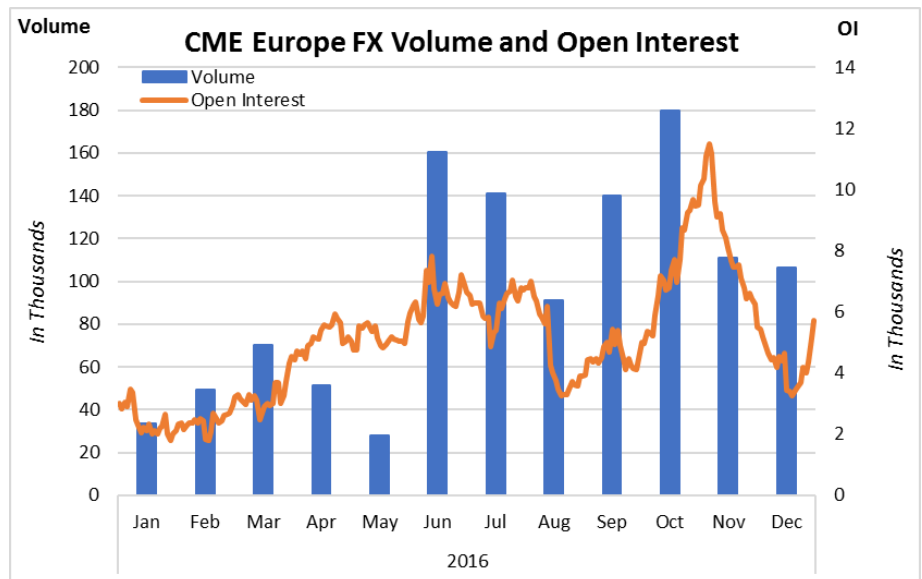
- Japanese yen options grew 32% Year-Over-Year
- Strong start to 2016 with 16,500 ADV in Q1, up 47% compared to Q4 2015
- ADV of 20,407 in November helped JPY options finish the year on a high note



PRODUCT OVERVIEW – CME Europe FX Futures

CME EUROPE FX FUTURES

- CME Europe's total volume in December was down slightly from November
- December 2016 FX Volume on CME Europe of 106,405 contracts
- CME Europe FX Futures growth of 120% Year Over Year
- Open Interest reached record high of 11,514 contracts in November



CME EUROPE'S STRONG PERFORMING CONTRACTS

- Strong growth in 2016 for CME Europe's most liquid currency pairs
 - Growth vs. December 2015
 - Euro: 52%
 - British Pound: 83%
 - Japanese Yen: 1,194%

2016 SAW STRONG GROWTH IN OPEN INTEREST

- Open Interest in FX Futures on CME Europe grew 41% vs. December 2015

