



CME High Velocity CTA/Hedge Fund Pilot Program Questions & Answers

What is the High Velocity CTA/Hedge Fund Pilot Program and when does it go into effect?

CME's High Velocity CTA/Hedge Fund Pilot Program allows participating hedge funds and commodity trading advisors (CTAs) to receive discounted fees for their CME electronic foreign exchange (CME eFX) trades on CME's Globex® electronic trading platform.

Qualifying CTAs and hedge funds may trade CME eFX for an exchange fee of sixty cents (\$0.60) per side, representing a 62.5 percent discount over current fee rates and a very cost competitive rate with over-the-counter markets.

What does this program expire?

Program was extended through December 2007; at that time CME will evaluate and determine whether to continue the program.

How does a CTA or hedge fund qualify for the program?

To qualify for the program, CTAs and hedge funds must:

- Have more than \$50 million in assets under management (including both pooled investment vehicles and managed accounts);
- Complete a High Velocity CTA/Hedge Fund Pilot Program application and be approved by CME;
- Have a relationship with a CME clearing member; and,
- Exceed 125,000 CME eFX sides per month to receive the fee discount; fee discounts will only apply in the months where this threshold is exceeded.

What trading fees are charged by the Exchange for trading by a High Velocity CTA/Hedge Fund Pilot Program participant?

Trades done by a High Velocity CTA/Hedge Fund Pilot Program participant will be charged a total fee of sixty cents (\$0.60) per traded side in months where the participant exceeds the volume threshold of 125,000 sides.

This volume threshold and the associated fee discounts will be applied only to the CTA/Hedge Fund's accounts that are not currently receiving member rates.

In months where the participant does not exceed the volume threshold, the participant will be charged the current customer fees of \$1.60 per traded side.

From an operational perspective, how will the volume threshold be calculated and how will the discount fees be applied?

During the month, the CTA/Hedge Fund's qualified volume will be charged the standard customer fee of \$1.60 per side. At the end of the month, CME will check whether the CTA/Hedge Fund's qualified volume exceeded 125,000 sides for that month by summing the volume across all of the CTA/Hedge Fund's approved accounts.

If the 125,000 volume threshold has been exceeded, all of the CTA/Hedge Fund's qualified volume will be re-priced at \$0.60 per side. The discount is therefore included in the CTA/Hedge Fund's clearing firms' billing for that month.

From an operational perspective, what will be the specific fees charged by the Exchange for trading by a High Velocity CTA/Hedge Fund Pilot Program participant?

The rate reduction will be applied in the CME Globex Fee for those participants who exceed the 125,000 threshold. Refer to the chart below as an example.

CME FX Products	Standard Fees for Non- Participant	Participant that Exceeds 125,000
CME Globex Fee	\$1.00	\$0.00
CME Clearing Fee	\$0.60	\$0.60
Total	\$1.60	\$0.60

Will participants in the High Velocity CTA/Hedge Fund Pilot Program participant receive the sixty cents (\$0.60) per side rate for any other products other than FX futures and options on futures?

No. The High Velocity CTA/Hedge Fund Pilot Program is for electronic trading of FX products only. Standard fees will apply in other products.

Will participants in the High Velocity CTA/Hedge Fund Pilot program receive the discounted fee for all of their FX trades traded electronically?

Participants will receive the reduced fee on all eFX trades for accounts registered with CME and approved by CME for each month they exceed the 125,000 side per month threshold.

Please note that that the fee discount as well as the 125,000 threshold will be applied only to the CTA/Hedge Fund's accounts not currently receiving member rates.

In addition, hedge funds will only receive the reduced fees for accounts solely owned by the hedge fund. CTAs will only receive discounts on accounts of pooled investment vehicles and managed accounts solely managed by the CTA (i.e., individual managed accounts for whom the CTA has power of attorney for the sole purpose of trading.)

Are there any geographic restrictions on participation?

No. This is a global program and all qualified participants are eligible.

Can a CTA of an existing member apply for the High Velocity CTA/Hedge Fund Pilot Program?

Yes. CTAs for existing members/ member firms are eligible to participate in the High Velocity CTA/Hedge Fund Pilot Program.

Note that the volume threshold and associated fee discounts will be applied only to the CTA/Hedge Fund's accounts that are not currently receiving member rates.

How do CTAs and hedge funds apply for the High Velocity CTA/Hedge Fund Pilot Program?

To receive an application or for any additional information you may contact the following:

Main Contact and Application Approver: Scott Brusso, Director, Currency Products, at 312-930-3133, email CTA_HF_Pilot_Program@cme.com

You can also obtain the application from our website:

www.cme.com/trading/mem/res/formslib3468.html in "other forms" section.

You can return hard copy applications to:

By Mail to:

FX Department
Attn. Scott Brusso, Director, Currency Products
Chicago Mercantile Exchange Inc.
20. South Wacker Dr.
Chicago IL, 60606

By Fax:

FX Department
Attn. Scott Brusso, Director, Currency Products
Fax # 312-454-7786

If you are located outside of the U.S., you may also receive information about this program from our international offices. CME staff at these offices can provide you with additional information and assist you through the application process:

In Europe: Danielle Dycus, Director, European Marketing, on +44 20 7623 2550 or email CTA_HF_Pilot_Program@cme.com

In Asia: Tokyo: Yoshio Kuno, Director, on +81 3 5403 4828 or email CTA_HF_Pilot_Program@cme.com

Sydney: Nick Bolton, Director on +61 2 9231 7475 or email CTA_HF_Pilot_Program@cme.com

When will the discount fee become effective?

Eligible CTA/Hedge Fund accounts will be entitled to preferential High Velocity CTA/Hedge Fund Pilot Program Rates when the proper documentation is received and accepted by CME.

Preferential trading fees will not be applied earlier than CME's approval date. Additionally, volume in accounts provided to the CME after the CTA/Hedge Fund's application approval will be eligible for reduced fees from the date the additional accounts are received and approved by the CME and not before.

The CTA/Hedge Fund participant is responsible for providing accurate clearing firm and account information to CME in order to receive the preferential rates, including changes made to existing or additional accounts added after initial approval.

The participant must also advise all clearing member firms carrying their CTA/Hedge Fund account(s) that they have applied for the CME High Velocity CTA/Hedge Fund Pilot Program and may be receiving preferential rates when the application is approved.