



**New Trader Program
Frequently Asked Questions & Answers
November 2nd, 2005**

Q1. What is the New Trader Program?

New Trader Program allows new traders to trade CME contracts electronically without incurring any Exchange fees (including both CME Globex® and Clearing Fees). The Program is subject to certain restrictions and applies to electronic trading volume in all CME contracts up to a capped limit per trader, for a six month period.

Q2. What benefits does the New Trader Program provide?

The New Trader Program provides traders who are new to derivatives trading and have completed (or are undergoing) a training program involving CME products six calendar months of fee waivers up to a specified volume limit for their electronic trading of CME products.

Q3. What limits are placed on the fee waiver?

The New Trader Program provides registered traders waivers for CME Globex & Clearing Fees up to the following volume limits each month:

| Month | Number of Sides |
|-------|-----------------|
| 1 | 1,000 |
| 2 | 2,500 |
| 3 | 3,000 |
| 4 | 4,000 |
| 5 | 5,000 |
| 6 | 8,000 |

To receive the benefits of the program, traders must:

Have their clearing firm register their unique workstation operator id (i.e. TAG 50) within CME's Exchange Fee System as a New Trader Program participant and register the respective account number in which the trader will be executing trades.

Note, there are no inter-month adjustments for this program. So, if the clearing firm only registered the trader's operator id and not the account number, the clearing firm will not be able to adjust for benefits not received in a prior month. Refer to Q6, for more details on registration.

Also, participants of this program will not be eligible to receive other fee discounts such as the E-mini Globex Fee cap, Interest Rate Clearing Fee Tiers and/or Market Maker incentives while participating in this program, for volume which is in excess of the volume limits per month.

Once the trader's six month period has ended as a "New Trader", the trader cannot be re-registered for the program, even if the trader did not receive 6 months of waivers due to improper registration.

Q4. Who is eligible to participate in the New Trader Program?

To participate in the program, traders must:

- Be undergoing or have undergone their initial training in a program (that includes CME products) offered by a CME clearing firm, clearing firm affiliate (Rule 106.I), inactive clearing firm, Corporate Member (Rule 106.H), Electronic Corporate Member (Rule 106.R), European Incentive Program participant or Asian Incentive Program participant that has been approved to qualify traders for the New Trader Program.
- Trade the proprietary account of the firm that has qualified the trader for participation in the New Trader Program on a discretionary basis. Traders who are operators of Automated Trading Systems are not eligible for the fee waiver.
- Meet the eligibility requirements specified for a trader of the firm's proprietary accounts.
- Have no previous derivatives trading experience.
- Trade in a manner that supports price discovery and satisfies the order flow of other market participants.
- Continue to receive training support from the firm.

Q5. How can companies apply to qualify traders in the New Trader Program?

Companies wishing to qualify traders for participation in the New Trader Program must submit a completed New Trader Program application to CME. The New Trader Program Application can be obtained by contacting the CME London office at +44 207 623 2550 or the CME Asia-Pacific offices in Tokyo at +81 3 5403 4828 or in Sydney at +61 2 9231 7475. The application is also available for download at CME's Web site www.cme.com.

Q6. After a company has been accepted in the New Trader Program, how do they register traders for the program?

Once the company has agreed to the terms of the program and has been approved as a program participant, the company must notify its clearer of any eligible traders for the New Trader Program. It is the clearing firm's responsibility to identify traders as New Trader Program participants within the Exchange Fee System (EFS) by registering their workstation operator id (i.e. TAG 50) and their respective account number.

For the workstation operator id registration, each trader's start month for program participation must be entered. The trader's six calendar month period will include that specified start month and the next five calendar months.

The fee waivers will begin on the specified start month independent of the number of trading days the trader has traded during that month. For example, if a firm specifies an October 2005 New Trader Program start month for a trader who begins trading on October 25, 2005, that trader's first month in the New Trader Program would only include the remaining five days in October.

For traders who begin trading toward the end of the month, firms may wish to consider choosing a New Trader Program start month of the next calendar month. In the example above, the firm may want to choose a New Trader Program start month of November 2005.

Given this flexibility with the start month of the program can occur, there are no inter-month adjustments for this program. This means that the clearing firm cannot backdate the new trader registration to a previous month.

Q7. How will the fee waivers be processed within the Exchange Fee System?

On a monthly basis only, the Exchange Fee System will waive the Clearing and CME Globex Fees for traders that have been identified as a participant in the New Trader program, up to the specified volume limits.

Note that participants in this program will not be eligible to receive other fee discounts such as the E-mini Globex Fee cap, Interest Rate Clearing Fee Tiers and/or Market Maker incentives while participating in this program, for volume which is in excess of the volume limits per month.

If firms realize that the trader would benefit more from these other fee discounts than from the New Trader program, they can request that their clearer expire the new trader registration component within the Exchange Fee System, for the current billing month, going forward only.

After the clearing firm expires the registration (for example, the expiration of the new trader component happened on October 25th), the clearing firm will then need to go back and resubmit all of the trader's October trades to ensure they are re-priced to not be in the program.

Note, that once a trader is expired out of the program, that trader cannot be re-registered for the program. The same holds true after the six month timeframe has expired as well.

Q8. When does the six-month period begin and end?

Each trader will receive six continuous calendar months of program benefits. They will start receiving program benefits in the month specified in their initial registration in the Exchange Fee System. They will receive the benefits of the program for that initial month as well as the next five calendar months, for a total of six calendar months.

Q9. What happens if a New Trader Program Participant trades more sides in a month than are included in the fee waivers?

Traders will be charged the respective Clearing and CME Globex fees applicable for each trade over the specified fee waiver limits.

Q10. Are current Clearing, Inactive or Corporate Members eligible to participate in the New Trader Program?

Yes, all clearing, inactive and corporate members that offer training programs that include CME products may apply to participate in the New Trader Program.

Q11. How long will the program last?

The New Trader Program is not a limited time program. Firms will be able to apply for participation in the program and, once approved, qualify traders for the program until such time as the program is cancelled by CME.

Q12. If I currently trade derivatives on other exchanges, but am new to CME products, do I qualify for the program?

No. The New Trader Program is designed to benefit traders who are new to derivatives trading.

Q13. Can a qualified person in the New Trader Program be an independent contractor?

All traders qualified by a member firm as participants in the New Trader Program must meet the eligibility requirement for traders of the firm's proprietary account. If independent contractors are eligible to trade the firm's proprietary account, they may be registered as participants in the New Trader Program.

Q14. If I currently trade in open outcry and am new to electronic trading, do I qualify for the program?

No. The New Trader Program is designed to benefit traders who are new to derivatives trading. CME has many other resources available to help traders make the transition from open outcry to electronic trading. These include the Globex Learning Center and classes offered by the CME Education Department.

Q15. If I am an independent trader, do I qualify for the program?

To qualify for the New Trader Program, traders must trade the proprietary account of a member firm or participant in the European or Asian Incentive Programs and receive ongoing training and support from their firm. Independent traders are not eligible to participate in the program.

Q16. My firm does not offer training, can we participate in the program?

To participate in the New Trader Program, firms must offer some form of training that includes CME products to their traders. Firms that do not offer in-house training may meet the training requirement by sponsoring traders' participation in classes offered by CME or by other educational institutions.

Q17. My firm would like to begin offering a training program, how can CME help?

The CME Education Department can provide assistance to firms that are establishing an in-house training program. Please refer to the following link on [cme.com](http://www.cme.com/edu/index.html) (<http://www.cme.com/edu/index.html>) to get more information about the resources available.

Q18. Are ATS operators who meet all other requirements eligible to participate in the New Trader Program?

No. The New Trader Program is only open to traders who trade on a discretionary basis.

Q19. If an eligible new trader gives-up their trades, will those trades be eligible for the fee waiver?

No, give-up transactions are not eligible for this fee waiver.