

Enhancements to CME Interest Rate Fees

In response to customer requests for equitable fee administration and increased efficiency, effective January 1, 2007 CME will implement enhancements to its Interest Rate clearing fee tier structure for futures and options. These enhancements will simplify and automate the billing process so that it is more transparent to exchange Clearing members and end users.

INTEREST RATE TIERS

Determining Average Daily Volume

Currently, CME determines volume for the application of tier rebates on a daily basis. If on a given day a firm meets the 15,000 minimum, they automatically receive the .03 clearing fee discount for all trades, done on that day, in excess of 15,000. **As part of the new program, CME will determine average daily volume on a monthly basis.** At the end of each month CME will combine all trades done within a single billing/clearing firm, subject to the exceptions for individual and market maker accounts noted below, and divide by the number of trading days in the given month to determine monthly average daily volume. That monthly average daily volume figure will then be used to calculate the tier rebates. The below example details the new monthly calculation using the new tiers:

Sample Proprietary IR Tier Calculation

- Number of Business Days: 20
- All Eurodollar Futures
- Member Firm Proprietary Accounts

ABC = 500,000
 BBB = 500,000
 CCC = 400,000
 DDD = 600,000

Total Monthly Sides = 2,000,000

- Once average daily volume (sides) is determined based on the number of business days, CME will sort the transactions by Trade Date within Original Process Month and apply the respective "step" tier calculations.

Average Daily Volume Threshold	Business Days	Total Accumulated Volume	Rate Discount (off the base clearing fee rate)	Clearing Fee Applied Rate	Net Clearing Fees Applied
30,000	20	600,000	no discount	0.09	\$ 54,000.00
30,000	20	600,000	0.02 reduction	0.07	\$ 42,000.00
30,000	20	600,000	0.04 reduction	0.05	\$ 30,000.00
10,000 (remainder)	20	200,000	0.06 reduction	0.03	\$ 6,000.00
<u>100,000</u>		<u>2,000,000</u>			<u>\$132,000.00</u>

Member Firm Accounts

The enhanced tier program is structured so that all tier rebates will be calculated automatically, eliminating the need for member firms to register accounts with CME in order to obtain tier rebates. Member firm proprietary accounts will be aggregated together, within a single billing/clearing firm, for purposes of determining the total volume traded. Accounts to be grouped together must have the same account owner registered in the CME Exchange Fee System, as in the following example:

Firm ID	Account Number	Account Owner	Grouping
123	DF12345	ABC Trading	A
123	DF12346	ABC Trading	A
123	DF12347	ABC Trading	A
456	AB456	Trading USA	B
456	AB457	Trading USA	B
456	AB458	Trading USA	B

Please note the following exceptions to this policy:

- Class A clearing member accounts and their related 106.I. member(s) will be treated as one firm for purposes of the volume aggregation
- Inactive Clearing Firms will be treated as one firm for purposes of the volume aggregation
- For Family of Hedge Fund Accounts, accounts registered to any of the hedge funds eligible for member rates under the Hedge Fund Manager (106.S) will be accumulated with their related Inactive Clearing Firm

The following tables outline the new volume thresholds and associated discounts:

Futures		Options	
Average Daily Volume (sides)	Clearing Fee Discount	Average Daily Volume (sides)	Clearing Fee Discount
0- 30k	No discount	0- 15k	No discount
Between 30k and 60k	\$0.02 (previously \$0.03)	Between 15k and 30k	\$0.02 (previously \$0.03)
Between 60k and 90k	\$0.04 (previously \$0.06)	Between 30k and 60k	\$0.04 (previously \$0.06)
> 90k	\$0.06 (previously \$0.06)	> 60k	\$0.06 (previously \$0.06)

Market Maker and Individual Accounts

Accounts owned by individuals and accounts registered to market makers will continue to be tiered at existing volume thresholds (15K and 30K) and discount levels (\$0.03 and \$0.06, respectively). However as of January 1, 2007, the application of rebates for both tiers will now be automated.

Accounts owned by individuals will continue to be tiered strictly on a per account basis. Any member firm proprietary account that is a CME-designated market maker will also continue to be tiered at the current levels (15K and 30K). Activity in the member firm's other proprietary accounts, that are not registered in a market maker program, will be separately tiered using the new thresholds (30K, 60K and 90K).

Market makers will have two options for determining fee tiers among their designated market making accounts. Market makers, both firms and individuals, can choose to have their market making accounts measured individually or aggregated together for determining volume thresholds. The tables below illustrate the different options

Option #1 – Market Maker Accounts Tiered Individually

Firm ID	Account Number	Account Owner	Grouping
123	MM1	ABC Trading	A
123	MM2	ABC Trading	B
123	MM3	ABC Trading	C
123	NonMM1	ABC Trading	D
123	NonMM2	ABC Trading	D
123	NonMM3	ABC Trading	D

Option #2 – Market Maker Accounts Tiered Together

Firm ID	Account Number	Account Owner	Grouping
123	MM1	ABC Trading	A
123	MM2	ABC Trading	A
123	MM3	ABC Trading	A
123	NonMM1	ABC Trading	B
123	NonMM2	ABC Trading	B
123	NonMM3	ABC Trading	B

In both examples above, the market making (MM) accounts are tiered using existing levels (15K and 30K) and the non-market making accounts (NonMM) are tiered using the new threshold levels (30K, 60K and 90K).

CME Eurodollar Futures Hand Held Program

In March 2004, CME launched a program to promote liquidity in electronically traded Eurodollar futures on CME Globex®. Under this program, single member owned accounts trading in excess of 1,000 contracts per day on GALAX-C hand held units received a waiver of the \$.10 execution fee for Eurodollar futures contracts executed on the GALAX-C units. As of May 1, 2006, the CME Globex execution fee for CME members enrolled in the program was set at \$.03/side.

Beginning January, 1, 2007 CME will increase the monthly average daily volume threshold to 2,500 sides for member accounts (average daily sides are calculated as total sides for the month divided by the total number of trading days in that month). Eligible participants will continue to receive a CME Globex fee rate of \$.03 per side. There is no registration requirement since all member accounts are eligible if they meet the required handheld volume threshold.

CME Eurodollar Futures “RTH” Program

Beginning in March 2004, CME launched a program to promote liquidity in electronically traded CME Eurodollar futures on CME Globex. Member participants in the program originally received a waiver of the \$.10 execution fee for electronically traded Eurodollar futures. The program underwent its first material change on May 1, 2006, when the CME Globex execution fee was set at \$.03/side. At the time of the fee change, CME also announced that the program would continue to be under review.

As part of that review, CME has elected to continue the program in its current form through December 31, 2006. Beginning January 1, 2007, only current participants who meet defined volume thresholds will continue to be eligible for CME Globex fee discounts. In order to remain eligible for this program as of January 1, 2007, existing groups/individuals must average 75,000 Eurodollar futures sides per month for the period October 1 to November 30, 2006. CME will continue to review the program and make modifications/adjustments as necessary.

Individual Liquidity Provider Program

Originally introduced in August 2005, the Individual Liquidity Provider Program provided an additional .01 rebate on clearing fees for individual accounts that averaged volumes in excess of 20,000 sides per day and traded in the CME Eurodollar Futures market 85% of the trading days. This program will expire effective December 31, 2006.