

FMX FUTURES EXCHANGE – FAQs

FMX Markets Xchange brings together several powerful marketplaces from BGC Partners, unleashing the advanced Fenics technology to bring unique trading capabilities and efficiencies across the entire product slate. **FMX Futures Exchange** is the latest entrant to the FMX family with an anticipated launch of Q4 2022¹.

FMX Futures Exchange will deliver an integrated and fully electronic trading and clearing solution, utilizing state-of-the-art Fenics trading technology, combined with the clearing services of the LCH, a clearinghouse for the world's largest cleared IRS pool, allowing for significant clearing and cross margin efficiencies for market participants.

Why FMX Futures Exchange?

Markets that offer alternative trading venues promote competition, technological advancement, and reduced transaction costs, while simultaneously improving resiliency, capacity, and liquidity.

- Offering a full suite of Treasury and STIR futures¹
 - US Treasury Futures - 2YR, 3YR, 5YR, 10YR, Ultra 10YR, 20YR, Ultra 20YR, 30YR, Ultra 30YR
 - Eurodollars and SOFR
- Market participants will be able to trade cash vs futures within the broader FMX ecosystem, combining Fenics UST's 20% CLOB market share³ together with our FMX Futures Exchange
- Building successful marketplaces is our core competency, including eSpeed, Fenics UST, Fenics FX, and Fenics Repo, with market-leading technology allowing quick innovation in response to client demand
- Materially lower exchange fees with a simple, volume-based schedule that allows active participants to achieve lower transactional costs and fewer operational breaks with no membership requirements
- A suite of risk management tools allowing FMX Participants to administer controls over exchange access to their authorized customers, with a view into risk exposure, open trades, and kill switch capability
- Deep-rooted relationships with significant liquidity providers, using long-established partnerships across multiple asset classes

Robust Trading Protocols:

- Treasury basis trading² available on cash vs futures executed on FMX matching engines co-located at NY4
- Unique trading protocols enabling a higher quality CLOB using market maker deselection¹
- Derived Pricing enables larger actionable quotes from correlated instruments
- Reduced tick sizes for tighter bid/ask spreads:
 - 1/16 for 2's & 3's² 1/8 for 5's
 - 1/4 for 10's 1/2 for 20-30's
- Pre-Trade risk controls include price boundaries, velocity and duplicate order checks, and self-match prevention

Products:

- Clearing Services Agreement through LCH, a CFTC-recognized Derivatives Clearing Organization
- Margin, funding, and clearing through a familiar entity, with connectivity to leading industry middle/back-office vendors as well as APIs into FCM-owned platforms
- Provides a platform for generating significant margin offset on LCH-cleared USD IRS when hedged with FMX US Treasury and STIR Futures
- Portfolio margin analysis shows indicative IM offset of 45-65% on matched-duration swaps vs futures portfolio
- Collaborating with industry utilities to ease operational hurdles around brokerage & fees

For more information, please contact:
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¹Pending Regulatory Approval
²Feature coming soon
³Source: Greenwich Associates