

FEBRUARY 2024

# EXCHANGE OVERVIEW

**FMX**  
Futures Exchange

[fmxfutures.com](https://fmxfutures.com)

# FMX FUTURES EXCHANGE IS PART OF AN ESTABLISHED ECOSYSTEM

FMX combines the market-leading Fenics UST and FX platforms with the new **FMX Futures Exchange**, adding interest rate futures to the ecosystem with fully electronic trading in cash treasuries, repo, and foreign exchange.

## FUTURES

**FMX** | Futures Exchange

Innovative marketplace for SOFR and US Treasuries futures.<sup>1</sup>  
Trades will be cleared through the LCH, with fully-integrated futures cross-margining unlocking the potential for significant clearing and margin efficiencies.

## UST Rates

**Fenics** | USTreasuries

Continued growth with connection to an active and diverse client base, including 125+ banks, principal trading firms, and institutional investors.

## FX

**Fenics** | FX

Single point of access for ultra-low latency execution of Spot FX and NDF trading.  
Deep, multichannel, and configurable liquidity pools.

## REPO

**Fenics** | Repo

Delivering a carefully managed, fully electronic marketplace for repo trading.

<sup>1</sup>. Launching in 2024



## FMX FUTURES EXCHANGE

A formidable and complete challenger entering the interest rate futures market. FMX is leveraging the success of our Fenics UST platform and the battle-tested Fenics technology while adding capacity to the markets via margin offsets attainable through the clearing partnership with LCH, delivering a viable competitor to the incumbent.



### GLOBAL CONNECTIVITY

FMX Futures Exchange will join the FMX complex, adding Futures alongside our successful Rates and FX businesses and leveraging longstanding relationships with PTFs, banks, liquidity providers, hedge funds, and vendors.



### POWERFUL TECHNOLOGY

Building on the success of our leading Fenics trading technology, FMX Futures Exchange will deliver an ultra-low-latency US Treasuries basis trading experience with our futures and cash matching engines co-located at NY4.



### ESTABLISHED CLEARINGHOUSE

Through its clearing services arrangement with LCH, FMX contracts will benefit from margin, funding, and capital efficiencies through one of the world's leading CCPs.



## FOCUSED ON THE INTEREST RATE COMPLEX

FMX Futures Exchange will launch US Treasuries and SOFR futures, the most liquid interest rate futures contracts in the world. Traditionally served by a single venue, FMX Futures Exchange will deliver additional capacity and crucial resiliency to the marketplace.

## BUILDING SUCCESSFUL MARKETPLACES IS OUR CORE COMPETENCY

An impressive history of creating electronic marketplaces – eSpeed, Fenics UST, and Fenics FX. Talent, technology, and experience are in place to replicate the success seen across our existing businesses.

## PROVEN TRACK RECORD OF TAKING MARKET SHARE FROM INCUMBENTS

Leveraging Fenics UST's 27% market share of cash Treasuries traded via CLOB, predominantly gained from BrokerTec, FMX's growing roster of 125+ clients are already connected to the protocols that will power the Futures Exchange.

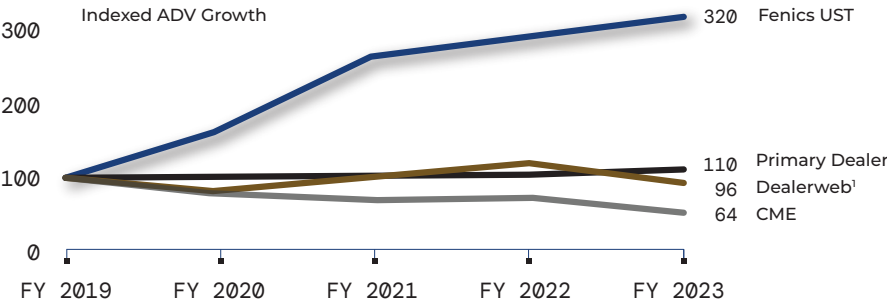
## DEEP-ROOTED RELATIONSHIPS WITH SIGNIFICANT LIQUIDITY PROVIDERS

Leveraging our longstanding relationships with liquidity providers and enabling the trading of futures vs. cash products in a single ecosystem.

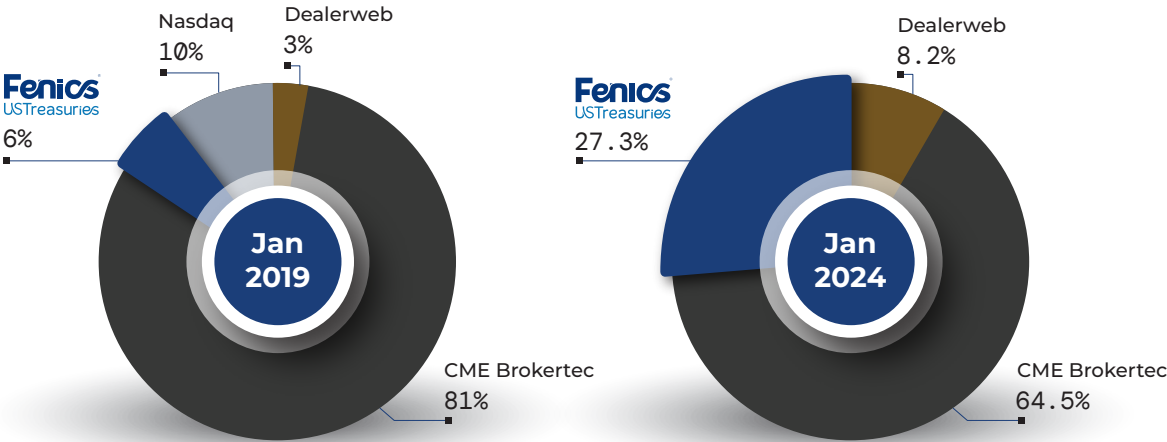
Market conditions are perfect for competition, as Fenics UST continues its incredible growth in cash Treasury CLOB market share, while interest rate futures and swaps volume in the market has increased, alongside the surge in issuance from the Treasury Dept. FMX futures contracts will provide a viable option to provide margin offset relief for swaps traders.

FENICS UST GROWTH VS. COMPETITORS

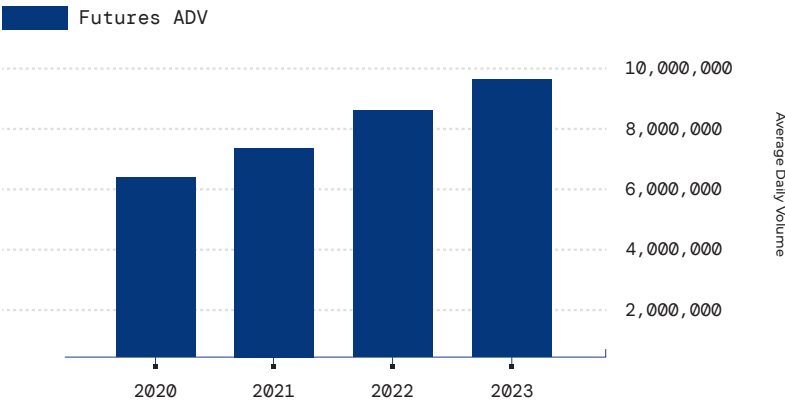
Fenics UST ADV has grown 3.2x since 2019 – Outpacing the market and peers.



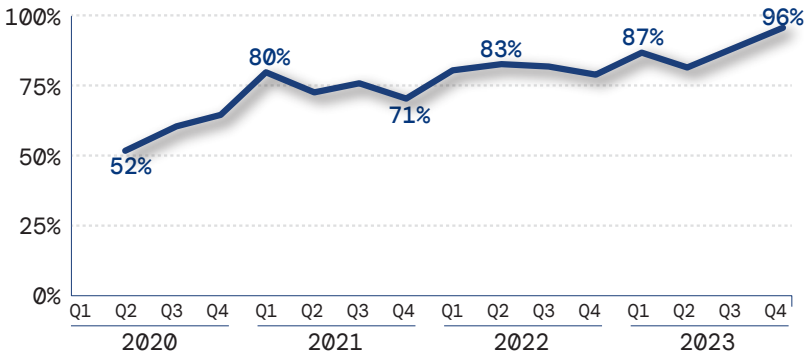
U.S. TREASURY MARKET SHARE<sup>1</sup>



OVERALL US TREASURY FUTURES GROWTH



FUTURES-TO-CASH RATIO



Source: Greenwich MarketView

Sources: Coalition Greenwich; Bloomberg; SIFMA  
1. Central limit order book ("CLOB") market share.  
2. BGC internal estimates based on savings per tick (1/16 of 1/32 = \$19.53125) adjusted for tenor multiplied by the quantity of the trade (single counted).  
3. Tradeweb acquired Nasdaq's U.S. Fixed Income platform on 6/25/2021; Dealerweb's prior period includes Nasdaq U.S. Fixed Income platform volumes.



## POWERFUL TECHNOLOGY

Built from the same state-of-the-art platform utilized by Fenics UST, with fast execution times and proven differentiated protocols, FMX Futures Exchange will follow the same playbook that propelled Fenics UST to be the fastest-growing platform since its launch.

## LOWER TRANSACTION COSTS

Materially lower exchange and clearinghouse fees with a simple, volume-based pricing structure.

With no membership structure, users will not be required to own expensive equity shares or membership seats.

Users will benefit from cost savings achieved through tighter tick sizes.

## MATCHING ENGINE LOCATION

FMX Futures Exchange's Treasury matching engine will be placed with the Fenics UST cash Treasuries matching engine, enabling ultra-low latency transactions between cash and futures.

## INNOVATIVE SOLUTIONS FOR TRADING THE BASIS

Designed with input from leading RV desks, FMX will offer the ability to trade the UST Basis as an index<sup>1</sup>, taking advantage of our side-by-side matching engines and innovative protocols.

<sup>1</sup>. Projected to be added in 2025



## FMX FUTURES EXCHANGE DELIVERS MARKET-LEADING TECHNOLOGY, CRITICAL RISK CONTROLS, AND VENDOR CONNECTIVITY



### TRADING /MATCHING ENGINE

- Order entry via GUI and API (BOP & FIX) interfaces
- Market data API via BIMP and FIX protocols
- Wall clock FIFO matching engine
- Popular order types
  - Limit, Market to Limit, Stop Limit, Market with Protection, Stop with Protection, Cancel/Replace, FOK, and Iceberg
- Drop Copy and STP



### PRODUCTS

#### UST Futures Contracts

- 2yr, 3yr, 5yr, 10yr, Ultra 10, 20yr, 30yr, Ultra 30
- Tighter tick size on 5yr through Ultra 30 contracts
- Physically settled with same deliverable basket
- Volume-based fee reductions

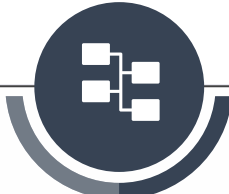
#### SOFR Futures Contracts

- SOFR spreads, butterflies, packs, bundles
- ¼ bp tick size on first eight quarterly contracts



### RISK, CONTROLS & SURVEILLANCE

- FCM Risk API and GUI
- Supported controls:
  - Price and size validation
  - Fat finger
  - Price deviation restrictions
  - Vendor
  - Pre-trade credit (long & short)
  - Kill switches
  - Internal control desk GUI
- Full life cycle integration with real-time surveillance vendor



### VENDOR CONNECTIVITY

FMX has engaged with key industry infrastructure vendors, including:

#### Execution

- Trading Technologies, Broadway, CQG, Fidessa/ION XTPE

#### Clearing

- FIS, ION XTP

#### Others

- Eventus, Bloomberg, FIA Tech

**LCH's Swapclear is the world's leading OTC interest rate clearinghouse, home to over 97% of cleared USD swaps activity.**

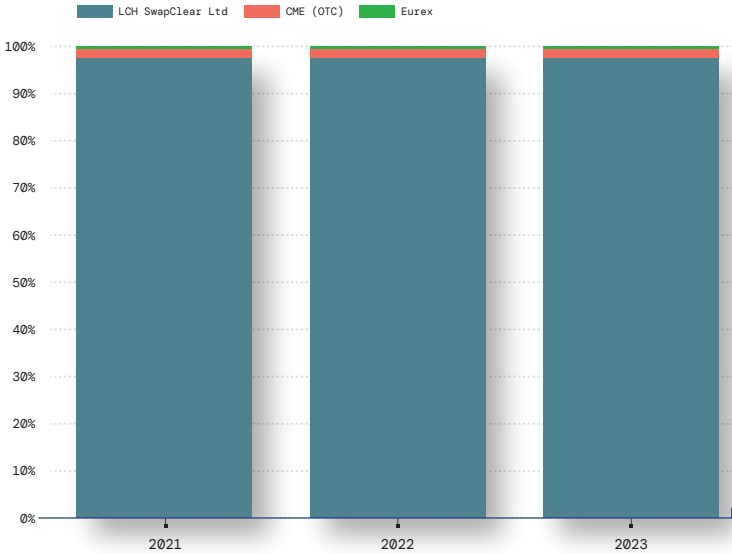
By partnering with LCH, FMX will be able to deliver safe, efficient, and margin-reducing trading opportunities to the USD SOFR and Treasuries futures markets.

For most FCMs onboarding to FMX, LCH will be a familiar CCP, with most already having established connectivity to the clearinghouse and integration with leading market infrastructure.

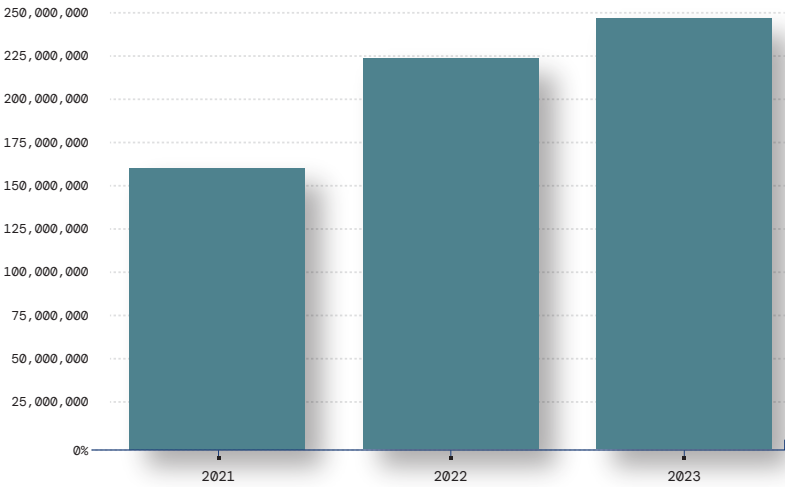
LCH's clearing service offers advanced portfolio optimization across listed and OTC positions, allowing members and clients to potentially realize significant margin and capital efficiencies.

All FMX Futures will be eligible for cross-margining against the member or client's entire SwapClear portfolio.

USD OIS VOLUME MARKET SHARE



GROWTH OF USD SWAPS CLEARED VOLUME

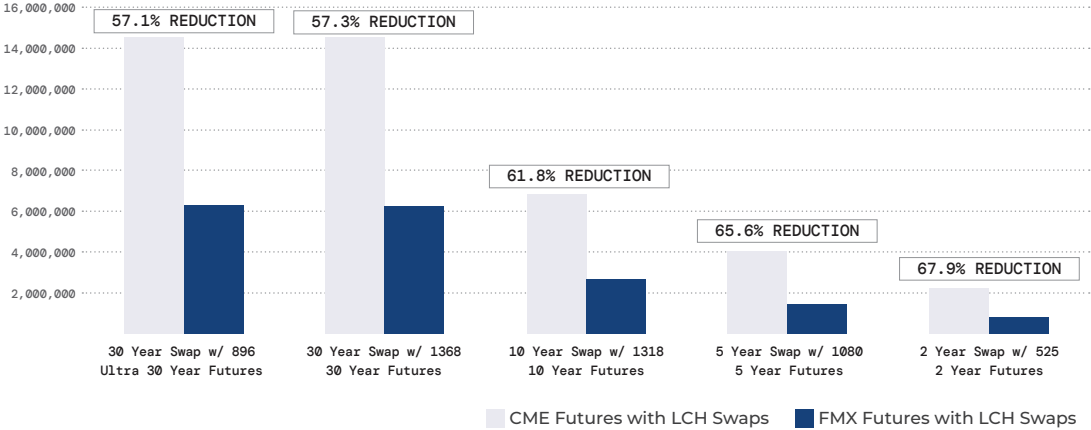


\* Source: Clarus Financial Technology | 2023 CCP Volumes and Share in IRD | (clarust.com)

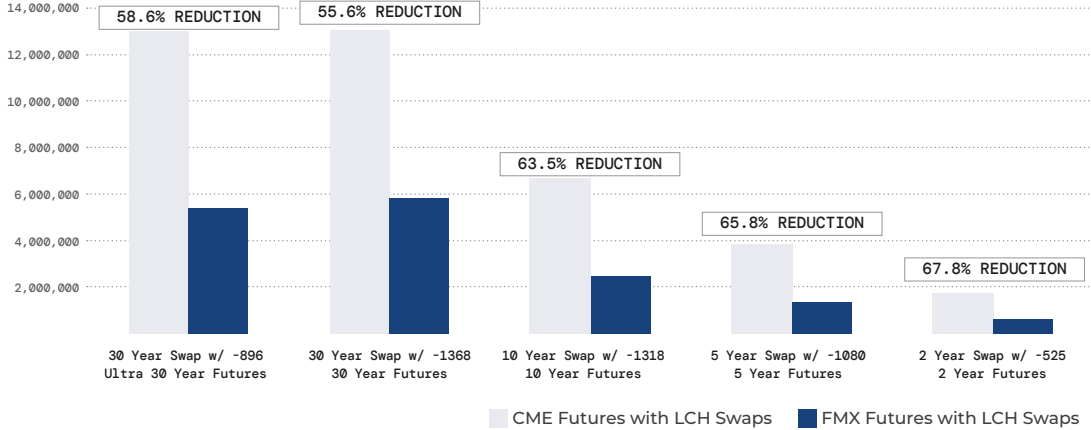


# POTENTIAL FOR SIGNIFICANT MARGIN OFFSET VS SWAPS AT LCH

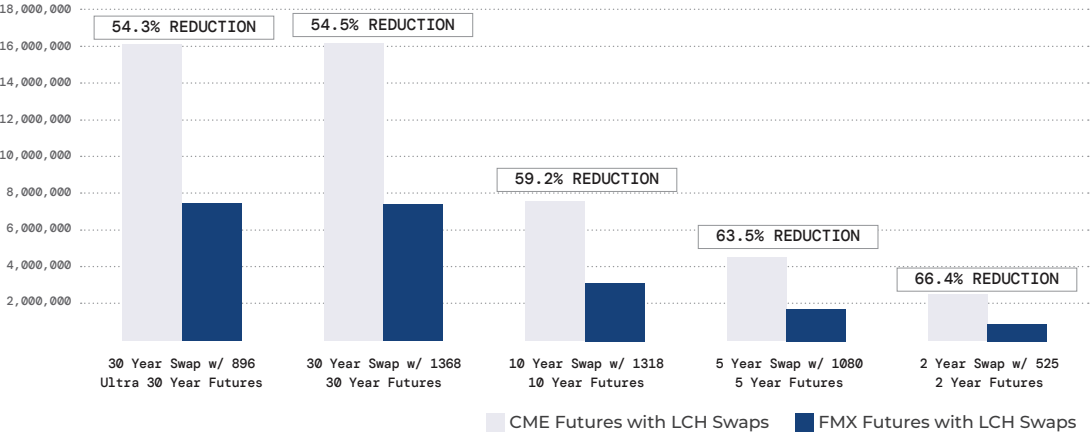
INDICATIVE INITIAL MARGIN LEVELS AND COMPARATIVE REDUCTION FOR PORTFOLIOS CONTAINING  
CME FUTURES & LCH SWAPS VS. FMX FUTURES & LCH SWAPS  
HOUSE PAYS FIXED on \$100MM NOTIONAL w/ LONG FUTURES



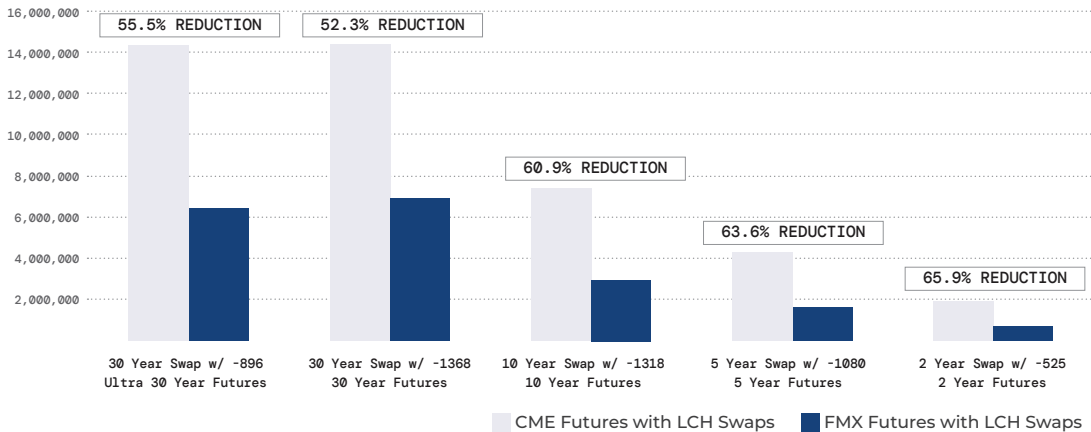
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INDICATIVE INITIAL MARGIN LEVELS AND COMPARATIVE REDUCTION FOR PORTFOLIOS CONTAINING  
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Note:

- The figures above are intended to be indicators from the model that is still under refinement, as of the date indicated. Margin estimates are indicative, and these estimates are based on a preliminary model, which is subject to change. The actual initial margin is payable in accordance with the LCH rulebook.
- These figures reflect the base initial margin only, there are other elements of the margin that LCH treats as add-ons that will apply.
- Assuming no existing cross-margin offset at CME.

Parameters/Assumptions:

- 100m Swap for each tenor
- PV01 Swap is hedged based on the cheapest to deliver corresponding to the Futures contract

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