

# IGDL SEF Discount Structure Appendix

August 2022

## IGDL Discount Structure

<b>Brokerage Discounts for i-Swap</b>	
<b>Brokerage Discounts</b>	<ul style="list-style-type: none"> <li>i-Swap rate is 0.0175 bp</li> <li>Trader-entered and Broker-entered transactions are eligible to offset i-Swap minimum fees</li> </ul>

<b>Progressive Brokerage Discounts for Voice</b>		
<b>Brokerage Discounts</b> <i>(thresholds based off and discounts applied to gross voice execution brokerage in the current month)<sup>1</sup></i>	<b>Monthly Threshold</b>	<b>Discount</b>
	\$175,000 to \$249,999	5%
	\$250,000 to \$324,999	10%
	\$325,000 to \$399,999	25%
	\$400,000 or Greater	40%

<b>i-Swap Market Maker Program</b>		
<b>Market Maker Discount</b> <i>(applied to voice gross brokerage in following month)<sup>1</sup></i>	<ul style="list-style-type: none"> <li>Applies only to i-Swap Market Makers who qualify</li> <li>Market Makers ranked based on Top of Book status</li> </ul>	
	<u>Rank</u>	<u>Discount</u>
	#1	15%
	#2	13%
	#3	10%

## Key Notes: IGDL Discount Structure

### For Volume Discounts on Voice Brokerage:

- Discounts are determined by combining New York and London gross voice execution brokerage and applied to activity during both London and New York hours as a rebate at the end of the month.
- “Gross voice execution brokerage” means in respect of a Participant (i) brokerage accrued by the participant for all transactions executed using Voice RFQ and (ii) all transaction fees accrued by the participant for all transactions transacted using Broker-entered orders, including

<sup>1</sup> Applies to all USD and CAD products listed on SEF Fee Card, when traded in-SEF with IGDL.

brokerage on Clearing House Basis Swaps transacted using Voice RFQ or Broker-entered orders.

3. Thresholds that determine the amount of the discount are calculated based on, and discounts are applied to, the gross voice execution brokerage accrued by a participant for the current month. Voice volume discounts are progressive and apply to the amount accrued over the threshold of the respective tier reached.

**For i-Swap fees (as described on the Trade Execution Fee Card tab of the IGDL SEF Fee Card):**

1. Calculation of “Total Monthly Electronic Fees” for i-Swap are the greater of the following:
  - a. “Trader-entered” transaction fees plus “Broker-entered” transaction fees<sup>2</sup>; or
  - b. Minimum TPH i-Swap Front End User Minimum Fee<sup>3</sup>
2. The i-Swap invoice will reflect the Total Monthly Electronic Fees (as defined above) less any Broker-entered transaction fees.

## i-Swap Market Maker Program

### Summary

IGDL offers Market Maker incentives based on a participant’s streaming activity on i-Swap for Medium Term Interest Rate Swap instruments. Market Maker requirements are outlined in the table below, and incentives awarded are based on the participant’s final rank in the League Table. The League Table rankings are computed by IGDL using the below defined League Table Methodology.

Market Makers must provide the Order Book with an Executable Price Stream for at least 60% of the Monitored Trading Day, averaged over each calendar month.

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<sup>2</sup> Trader-entered and Broker-entered are defined on the “Notes” tab of the ICAP Global Derivatives Limited Trade Execution Fee Card. This calculation includes fees for Clearing House Basis Swaps.

<sup>3</sup> See Minimum Fees on the Fees tab of the IGDL SEF Fee Card

## Market Maker Program Incentives:

Market Makers who qualify for the Market Maker Program discount will be ranked according to the below League Table Methodology.

The **number one** overall ranked Market Maker receives a **15%** discount on their following month's gross voice brokerage for the corresponding Calculation Period.

The **number two** overall ranked Market Maker receives a **13%** discount on their following month's gross voice brokerage for the corresponding Calculation Period.

The **number three** overall ranked Market Maker receives a **10%** discount on their following month's gross voice brokerage for the corresponding Calculation Period.

## Market Maker Risk Requirements

Tenor	Minimum Size (mm):	Max B/O: SOFR OIS Outrights	Max B/O: SOFR OIS Spreadovers
2y	200	0.625bps	0.625bps
3y	100	0.625bps	0.625bps
5y	50	0.625bps	0.5bps
7y	30	0.75bps	0.625bps
10y	25	0.75bps	0.5bps
30y	10	0.75bps	0.625bps

<b>Risk Units Required:</b>	<b>8</b>
<b>% of Day Quoted:</b>	<b>60%</b>

## Market Maker Risk Units

To qualify for Market Maker status, participant must stream a minimum of 8 Risk Units. A Risk Unit is defined as follows:

- Minimum notional streamed at max bid/offer spread per instrument = 1 Risk Unit. 2x minimum notional = 2 risk units, etc.

Example:

- 10mm 30yr spreadover = 1 Risk Unit
- 100mm 5yr outright = 2 Risk Units
- Limit 3 Risk Units per Instrument
- Participant can choose any 8 Risk Units to stream from Market Maker table above.

## League Table Methodology

League Table rank in the Market Maker Program is computed using Top of Book Points on a per instrument basis during the Calculation Period.

The score per instrument is computed as follows:

**Market Maker with highest percentage of day spent on Top of Book status awarded one point per bid or offer side, per instrument, per day.**

Top of Book Points will be awarded on instruments listed in the above table only.

The Market Maker final score is computed as the sum of their Top of Book Points each day and aggregated on a Month to Date basis. Each Market Maker is ranked on their computed final monthly total score.

## Calculation Period

Any discounts achieved will be applied to the rate in effect during the hours set forth in the following table. Market Maker ranking will be calculated independently in each location using the following hours (*i.e.*, IGDL will calculate rankings for the 7:30 am LDN to 7:00 am NY time period and rankings for the 7:00 am NY to 5:00 pm NY time period).

Calculation Day	Calculation Time
London Hours	7:30am LDN to 7:00am NY
New York Hours	7:00am NY to 5:00pm NY

## Definitions

<b>League Table</b>	A table that ranks each Participant based on certain performance metrics
<b>% of Day Quoted</b>	Percentage of snapshots taken of streaming activity during the day in which each instrument is streamed within Max Bid/Offer Spread at stated Minimum Size (if applicable).