

**SUBMISSION COVER SHEET**

**IMPORTANT:** Check box if Confidential Treatment is requested

**Registered Entity Identifier Code (optional):** 16-225

**Organization:** Chicago Mercantile Exchange Inc. ("CME")

**Filing as a:**     **DCM**         **SEF**         **DCO**         **SDR**

**Please note - only ONE choice allowed.**

**Filing Date (mm/dd/yy):** June 23, 2016    **Filing Description:** Initial Listing of Chilean Peso/US Dollar (CLP/USD) Futures Contract

**SPECIFY FILING TYPE**

**Please note only ONE choice allowed per Submission.**

**Organization Rules and Rule Amendments**

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

**Rule Numbers:**

**New Product**

**Please note only ONE product per Submission.**

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

**Official Product Name:** Chilean Peso/US Dollar (CLP/USD) Futures.

**Product Terms and Conditions (product related Rules and Rule Amendments)**

- Certification § 40.6(a)
- Certification Made Available to Trade Determination § 40.6(a)
- Certification Security Futures § 41.24(a)
- Delisting (No Open Interest) § 40.6(a)
- Approval § 40.5(a)
- Approval Made Available to Trade Determination § 40.5(a)
- Approval Security Futures § 41.24(c)
- Approval Amendments to enumerated agricultural products § 40.4(a), § 40.5(a)
- "Non-Material Agricultural Rule Change" § 40.4(b)(5)
- Notification § 40.6(d)

**Official Name(s) of Product(s) Affected:**

**Rule Numbers:**



Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

June 23, 2016

**VIA ELECTRONIC PORTAL**

Mr. Christopher J. Kirkpatrick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, NW  
Washington, DC 20581

**Re: CFTC Regulation 40.2(a). Certification. Notification Regarding the Initial Listing of Chilean Peso/U.S. Dollar (CLP/USD) Futures Contract. CME Submission No. 16-225**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) is notifying the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it is self-certifying the initial listing of the Chilean Peso/U.S. Dollar (“CLP/USD”) Futures contract (the “Contract”) for trading on CME Globex and for submission for clearing on CME ClearPort effective on Sunday, July 10, 2016 for trade date Monday, July 11, 2016.

The Contract specifications are as follows:

<b>Description</b>	Cash-settled contract referencing exchange rate between Chilean Pesos and U.S. Dollars.
<b>Product Code</b>	CHP
<b>Rulebook Chapter</b>	346
<b>Contract Size</b>	50,000,000 Chilean Pesos ≈ 75,000 U.S. Dollars
<b>Listing Schedule</b>	12 consecutive calendar month contracts plus a second year in the March quarterly cycle.
<b>First Listed Contract</b>	August 2016
<b>Quotation</b>	Quoted in US Dollars per one (1) Chilean Peso.
<b>Minimum Price Fluctuation (and Tick Value)</b>	Outrights and calendar spreads quoted in multiples of 0.0000001 U.S. Dollars per Chilean Peso (5.00 USD per contract).
<b>Daily Settlement</b>	Settlement prices established at 14:00 Chicago time.
<b>Last Trading Day</b>	Trading in expiring futures will cease at 09:15 Chicago Time (CT) on the last Santiago business day of the month preceding the expiring contract month. The final settlement price shall equal the reciprocal of the spot exchange rate of Chilean peso per U.S. dollar, rounded to 7 decimal places, that is reported by the Banco Central de Chile (BCC) at approximately 10:30 Santiago Time ( <i>i.e.</i> , in Chicago, 06:30 CT same day during the winter and

	08:30 CT same day during the summer).
<b>Contract Settlement</b>	Financial settlement
<b>Final Settlement Price</b>	The Final Settlement Price shall be equal to the reciprocal of the spot exchange rate of the Chilean peso per US dollar, "CLP DÓLAR OBS (CLP10)", as reported for that day by the BCC for the formal exchange market that appears on the Reuters screen "CLPOB=" and Bloomberg page "PCRCDOOB" at approximately 10:30 Santiago time and rounded to 7 decimal places. All open positions shall be cash settled to this rate on the Business Day following the last Business Day of the month for the BCC.
<b>Trading and Clearing Hours</b>	CME Globex: Sunday – Friday, 17:00 – 16:00 Chicago Time (CT), no 17:00 CT session on Friday.  CME ClearPort: Sunday – Friday, 17:00 – 16:00 CT, with a 60-minute break each day beginning at 16:00 CT and no 17:00 session on Friday.
<b>Block Trade Minimum Threshold</b>	10 contracts
<b>Exchange for Related Physicals (EFRPs)</b>	Allowed
<b>CME Globex Matching Algorithm</b>	First In, First Out

The Exchange is also notifying the CFTC that it is self-certifying the insertion of the terms and conditions for the Contract into the Position Limit, Position Accountability and Reportable Level Table and Header Notes located in the Interpretations and Special Notices Section of Chapter 5 of the CME Rulebook in relation to the listing of the new contracts. These terms and conditions establish the spot, single- and all-month speculative position levels, reportable levels, and aggregation allocation for the new contracts. Please see Appendix B, attached under separate cover.

CME is also notifying the CFTC that it is self-certifying block trading on the Contract with a minimum block threshold level of ten (10) contracts. The minimum block level threshold is aligned with other similar contracts.

CME reviewed the derivatives clearing organization core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA" or "Act") and identified that the modifications may have some bearing on the following Core Principles:

**Core Principle 2 – Compliance with Rules**

Trading in the Contract will be subject to CME Rulebook Chapter 4, which includes prohibitions against fraudulent, noncompetitive, unfair, and abusive practices. Additionally, trading in the Contract will be subject to the Exchange’s trade practice rules, the majority of which are contained in Chapters 5 and 8 of the CME Rulebook. As with all products listed for trading on one of CME Group’s designated contract markets, trading activity in the Contract will be subject to monitoring and surveillance by CME Group’s Market Regulation Department. The Market Regulation Department has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.

**Core Principle 3 – Contracts Not Readily Subject to Manipulation**

CME believes the BCC observed rate is not readily susceptible to cash market manipulation as required by CFTC Core Principle 3.

First, under the Central Bank Act of 1989, the BCC is empowered to regulate the Chilean peso-US dollar exchange rate market, the Formal Exchange Market (“FEM”) that determines the daily observed rate, and the 34 domestic banks and broker-dealers that the BCC has certified to participate in the FEM. The Chilean peso-US dollar exchange rate market, the FEM and its participants, and the observed rate thus fall under the market purview, regulations, and penalties of the BCC.

Second, the BCC observed rate is transaction-based. Unlike bids or offers, which have no actual economic validation, the observed rate is composed of actual Chilean peso-US dollar transactions that represent real economic risk exposure for FEM participants. Since FEM participants are required to assume real economic risks by participating in the FEM, the observed rate is not readily susceptible to cash market manipulation.

Third, the BCC observed rate is based on an average of large trade-weighted Chilean peso-US dollar transactions that occur between FEM participants and the BCC. The average ticket size of FEM transactions is \$10 million, which is equivalent to 136 CLP/USD contracts based on a current exchange rate of 678.21 Chilean peso per US Dollar.<sup>1</sup> The average daily volume of FEM transactions is \$600 million, which equates to 8,139 CLP/USD contracts.<sup>2</sup>

Fourth, the BCC observed rate is subject to daily price limits. Daily price banding insulates the BCC observed rate from large and uncharacteristic market deviations that otherwise may detrimentally influence the computation of the BCC observed rate.

Fifth, the BCC observed rate is a global industry pricing benchmark for Chilean peso-US dollar transactions that is used by a large, diverse group of Chilean peso-US dollar market participants operating outside of the FEM. The BCC has heavily invested in continuously monitoring and validating the observed rate so that the rate remains market relevant and does not impair the BCC’s market credibility and standing as a central bank and market regulator.

#### ***Core Principle 4 – Prevention of Market Disruption***

Trading in the Contract shall be subject to the rulebook of the CME designated contract market, which includes prohibitions on manipulation, price distortion, and disruption to the physical delivery or cash market process. As with any new product listed for trading on a CME Group designated contract market, trading activity in the futures contracts proposed herein will be subject to monitoring and surveillance by CME Group’s Market Regulation Department.

#### ***Core Principle 5 – Position Limits or Accountability***

The Contract will have spot month position limits of 5,000 contracts and all months position limits of 10,000 contracts. As a basis for determining these proposed limits, CME has adopted three metrics.

First, CME has defined the deliverable grade for the Contract as equal to the M1 money supply of the Republic of Chile. In general terms, Chilean M1 money supply consists of currency in circulation plus demand deposits, such as checking and savings accounts. Chilean M1 is the

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<sup>1</sup> Effective June 20, 2016. Source: Google Finance.

<sup>2</sup> Ibid.

narrowest and most conservative definition of Chile's deliverable currency stock available on a spot market basis.

Second, CME has recommended spot month position limits for the Contract that are equal to approximately one percent of Chilean M1 money supply, rounded to the nearest 5,000-contract increment. The Exchange believes one percent is a reasonable level since it is well below the 25 percent maximum threshold of estimated deliverable supply that the CFTC stipulates for determining the speculative spot month limits of a futures contract as codified in Part 150 of the CEA.

Third, CME has proposed all months position limits for the Contract that are equal to approximately two percent of Chilean M1 money supply, rounded to the nearest 5,000-contract increment. Again, the Exchange believes two percent is a conservative level as it is substantially below the Commission's 25 percent maximum threshold for determining speculative limits.

Appendix E contains the cash market overview and analysis that CME used to determine the proposed limits for the Contract.

***Core Principle 7 – Availability of General Information***

CME shall publish on its website information in regard to futures contract specifications, terms, and conditions, as well as daily trading volume, open interest, and price information for the Contract.

***Core Principle 8 – Daily Publication of Trading Information***

CME shall publish contract trading volumes, open interest levels, and price information daily on its website and through quote vendors for the Contract.

***Core Principle 9 – Execution of Transactions***

The Contract will be listed for trading on the CME Globex electronic trading platform. This trading venue provides for competitive and open execution of transactions. CME Globex affords, moreover, the benefits of reliability and global connectivity.

***Core Principle 10 – Trade Information***

All requisite trade information of the Contract shall be included in the audit trail and will suffice for the Market Regulation Department to monitor for market abuse.

***Core Principle 11 – Financial Integrity of Transactions***

The Contract will be cleared by CME Clearing, which is registered with the CFTC as a derivatives clearing organization, and which is subject to all Commission regulations related thereto.

***Core Principle 12 – Protection of Markets and Market Participants***

CME Rulebook Chapters 4 and 5 set forth multiple prohibitions that preclude intermediaries from disadvantaging their customers. These rules apply to trading in all of the Exchange's competitive trading venues and will apply to transactions in the Contract.

***Core Principle 13 – Disciplinary Procedures***

300 Vesey Street New York, NY 10282 T 212 299 2200 F 212 299 2299 [christopher.bowen@cmegroup.com](mailto:christopher.bowen@cmegroup.com) [cmegroup.com](http://cmegroup.com)

CME Rulebook Chapter 4 provides for the Exchange to discipline, suspend, or expel members or market participants who violate the rules of the Exchange. Trading in the Contract will be subject to these provisions. The Market Regulation Department has the authority to exercise its powers of enforcement in the event that rule violations in these products are identified.

***Core Principle 14 – Dispute Resolution***

Disputes with respect to the Contract will be subject to the arbitration provisions set forth in CME Rulebook Chapter 6, which allow all nonmembers to submit claims for financial losses resulting from transactions on the Exchange to arbitration. Pursuant to these provisions, any member named as a respondent in any such claim submitted by a nonmember is required to participate in arbitration proceedings. Additionally, the Exchange requires members to resolve via arbitration all disputes concerning transactions on the Exchange.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.2(a), the Exchange hereby certifies that the Contracts comply with the Act, including regulations under the Act. There were no substantive opposing views regarding the listing of the Contract.

The Exchange certifies that this submission has been concurrently posted on the CME Group website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or via e-mail at [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachments

Appendix A – CME Rulebook Chapter 346

Appendix B – Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CME Rulebook (attached under separate cover)

Appendix C – CME Rule 588.H. (“Globex Non-Reviewable Trading Ranges”) Table

Appendix D – Amendments to CME Rule 589. (“Special Price Limit Fluctuations”) Table (attached under separate cover)

Appendix E – Cash Market Overview and Analysis of Deliverable Supply

Appendix F – Fee Schedule

## **Appendix A**

### **Chapter 346 Chilean Peso/U.S. Dollar (CLP/USD) Futures**

#### **34600. SCOPE OF CHAPTER**

This chapter is limited in application to Chilean peso/U.S. dollar futures. In addition to this chapter, Chilean peso/U.S. dollar futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

#### **34601. TRADING SPECIFICATIONS**

##### **34601.A. Trading Schedule**

Futures contracts shall be scheduled for trading and final settlement during such hours and in such months as may be determined by the Exchange.

##### **34601.B. Trading Unit**

The unit of trading shall be 50,000,000 Chilean pesos.

##### **34601.C. Price Increments**

Minimum price fluctuations shall be in multiples of \$0.0000001 per Chilean peso, equivalent to \$5.00 per contract.

##### **34601.D. Position Limits, Exemptions, Position Accountability and Reportable Levels**

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

##### **34601.E. [Reserved]**

##### **34601.F. Special Price Fluctuation Limits**

At the commencement of each trading day, the contract shall be subject to special price fluctuation limits as set forth in Rule 589 and in the Special Price Fluctuation Limits Table in the Interpretations & Special Notices Section of Chapter 5.

##### **34601.G. Termination of Trading**

Futures trading shall terminate on the last Business Day of the month, immediately preceding the contract month, on which the Banco Central de Chile (BCC) is scheduled to publish its final end-of-month (EOM) spot exchange rate of Chilean pesos per U.S. dollar. If the foregoing date for termination is a holiday for the Exchange and GLOBEX®, futures trading shall terminate on the next preceding Business Day for either the Exchange or GLOBEX®.

##### **34601.H. [Reserved]**

## 34602. SETTLEMENT PROCEDURES

### 34602.A. [Reserved]

### 34602.B. Cash Settlement

All Chilean peso/U.S. dollar futures contracts remaining open after the close of trading on the termination of trading day shall be liquidated by cash settlement at a Final Settlement Price equal to the reciprocal of the "Dólar Observado", as determined on the termination of trading day but reported by the Banco Central de Chile (BCC) on the Business Day following the termination of trading day on the BCC's website (<http://www.bcentral.cl/index.asp>) and rounded to 7 decimal places. This rate is widely used by the interbank foreign exchange market to cash settle non-deliverable forward contracts for U.S. dollars versus Chilean pesos. All open positions shall be cash settled to this rate on the Business Day following the last Business Day of the month for the BCC.

#### 1. Procedures if No BCC Dólar Observado Rate is Available

In the event that there is a price source disruption and the Dólar Observado rate is not calculated by the BCC on the termination of trading day and/or broadcasted on the Business Day following the termination of trading day, and in order to minimize basis risk between the Chilean peso/U.S. dollar futures contracts and the non-deliverable forward ("NDF") market, the Exchange may determine a Final Settlement Price rounded to 7 decimal places based upon the EMTA CLP Indicative Survey Rate, when available. The EMTA CLP Indicative Survey Rate Methodology follows this chapter in an Interpretation. Upon consultation with EMTA, Inc., the Clearing House shall determine if the expiring Chilean peso/U.S. dollar futures contract shall be cash settled using the EMTA CLP Indicative Survey Rate, or deferred for cash settlement to a subsequent day.

#### 2. Procedures if EMTA Determines a Price Materiality Percentage is Met on a Futures Contract Termination Day.

Also, if, on a Chilean peso/U.S. dollar futures contract termination of trading day, there is a price source disruption where EMTA determines that a price materiality percentage for the U.S. dollar/Chilean peso primary rate source BCC Dólar Observado rate was met (e.g., 3% or more deviation of the day's BCC Dólar Observado rate from the EMTA CLP Indicative Survey Rate as determined for the same day), then final settlement of the expiring Chilean peso/U.S. dollar futures contract may be deferred or postponed for up to (but not more than) 30 consecutive calendar days. The procedure is intended to correspond to the deferral or postponement procedure followed by the NDF market pursuant to recognized market practices as published by EMTA, Inc. Upon consultation with EMTA, Inc., the Clearing House shall determine if the expiring Chilean peso/U.S. dollar futures contract shall be cash settled using the EMTA CLP Indicative Survey Rate, or deferred for cash settlement to a subsequent day.

#### 3. Procedures if BCC Dólar Observado Rate is Available after Commencement of a Deferral Period

Upon publication of the BCC Dólar Observado rate after a deferral period commences, and provided no price materiality percentage was met for that day, CME shall determine the Final Settlement Price using such Rate rounded to 7 decimal places and the U.S. dollar/Chilean peso futures contract shall be settled on such day. If, however, 30 consecutive calendar days pass without publication of the BCC Dólar Observado rate, CME shall otherwise determine the Final Settlement Price. See section 4.

#### 4. Procedures after 30-Day Deferral Period

After the lapse of 30 consecutive calendar days without publication of the BCC Dólar Observado rate, and without prior final settlement to other backup procedures, the Final Settlement Price may be calculated and published by CME on the next Business Day rounded to 7 decimal places using the reciprocal of the EMTA CLP Indicative Survey



Rate, when applicable and posted on the public portion of EMTA's website for valuation of outstanding non-deliverable U.S. dollar/Chilean peso transactions. The procedures for the EMTA CLP Indicative Survey Rate are defined in the Interpretation to this chapter. However, in the event that the Exchange determines that the Clearing House is unable to determine a Final Settlement Price pursuant to any of the preceding sections and the Interpretation to this chapter, then Rule 812 shall apply to determine the Final Settlement Price.

**34603. [RESERVED]**  
(End Chapter 346)

## **INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 346**

EMTA CLP Indicative Survey Rate Methodology

Dated as of August 1, 2006

Capitalized terms not defined below are defined in the 1998 FX and Currency Option Definitions as published by the International Swaps and Derivatives Association, Inc. EMTA, Inc. and the Foreign Exchange Committee.

### I. The EMTA CLP Indicative Survey

Commencing the Indicative Survey: (A) on any Business Day on which a Price Source Disruption has occurred or is continuing OR (B) on any Valuation Date that is NOT a Business Day (or that would have been a Business Day but for the occurrence of an Unscheduled Holiday), and in each case following the lapse of a 30 calendar day period during which the primary settlement rate option shall have been continuously unavailable and as a consequence valuation shall have been deferred or postponed, upon receipt of a Valid Survey Request, EMTA (or a service provider EMTA shall select in its sole discretion) shall conduct a survey of financial institutions for the purpose of determining the EMTA CLP Indicative Survey Rate for that day.

Valid Survey Request: A "Valid Survey Request" is a request received by EMTA from not less than two unaffiliated EMTA members not later than 5 business days before the contemplated start of the Survey.

Polled Banks: For purposes of determining the EMTA CLP Indicative Survey Rate for any Valuation Date, at approximately 11:00 a.m. (Santiago time ), EMTA (or a service provider EMTA may select in its sole discretion) shall survey no more than 30 randomly selected financial institutions that are active participants in the Chilean Peso/U.S. Dollar market (each, a "Participating Bank").

Survey Question: Each Participating Bank will be asked to provide its reasonable judgment of what is (or, in the case of an Unscheduled Holiday, would be) the current prevailing free market Chilean Peso spot rate (bid-offer pair) for a standard size Chilean Peso/U.S. Dollar wholesale financial transaction for same-day settlement in the Chilean marketplace on the Valuation Date. In arriving at this indicative quotation, survey participants will be directed to take such factors into consideration as they deem appropriate, which factors may (but need not) include any or all of the following: the spot rate(s) implied in the offshore non-deliverable foreign exchange market for Chilean Peso/U.S. Dollar transactions; the spot rate implied by any other financial market transactions (to the extent that such other financial markets are open for business); the spot rate used in connection with any commercial transactions for goods or services from offshore suppliers or providers; any existing rate for trade finance transactions; and any other existing unofficial rate for Chilean Peso/U.S. Dollar transactions (commercial or otherwise).

### II. Calculation Methodology

EMTA will determine the mid-point of each bid-offer pair. The arithmetic mean of the mid-points will be used to determine the CLP Indicative Survey Rate, rounded to the fourth decimal point as described below.

If the CLP Indicative Survey results in 21 or more responses, then the 4 highest and 4 lowest mid-points will be eliminated, and the arithmetic mean of the remaining mid-points shall be computed and will constitute the CLP Indicative Survey Rate for such Valuation Date. For purposes of eliminating the 4 highest and 4 lowest mid-points, if more than 4 mid-points have the same highest value or lowest value,

then only 4 such mid-points shall be eliminated.

If the CLP Indicative Survey results in less than 21 but 12 or more responses, then the 2 highest and 2 lowest mid-points will be eliminated, and the arithmetic mean of the remaining mid-points shall be computed and will constitute the CLP Indicative Survey Rate for such Valuation Date. For purposes of eliminating the 2 highest and 2 lowest mid-points, if more than 2 mid-points have the same highest value or lowest value, then only 2 such mid-points shall be eliminated.

If the CLP Indicative Survey results in less than 12 but 10 or more responses, then the highest and the lowest rate will be eliminated and the arithmetic mean of the remaining midpoints shall be computed and will constitute the CLP Indicative Survey Rate for such Valuation Date. For purposes of eliminating the highest and lowest mid-points, if more than 1 mid-point has the same highest value or lowest value, then only 1 such mid-point shall be eliminated.

If the CLP Indicative Survey results in less than 10 but 8 or more responses, then no mid-point will be eliminated and the arithmetic mean of all mid-points obtained shall be computed and will constitute the CLP Indicative Survey Rate for such Valuation Date.

Quotes shall be provided to the fourth decimal point (e.g., 10000).

### III. Insufficient Responses

If the CLP Indicative Survey results in less than 8 responses from Participating Banks, no CLP Indicative Survey Rate will be available for the relevant Valuation Date.

### IV. CLP Indicative Survey Rate Publication

The CLP Indicative Survey Rate will be published on EMTA's web site ([www.emta.org](http://www.emta.org)) (the "Publication Site") by approximately 12:00 p.m. (Santiago time), or as soon thereafter as practicable, on the Valuation Date.

As soon as it is determined that the CLP Indicative Survey will result in Insufficient Responses, a notice that no CLP Indicative Survey is available for the Valuation Date shall be published on the Publication Site.

### V. Discontinuing the CLP Indicative Survey

The CLP Indicative Survey will be discontinued (a) following the publication of a CLP DOLAR OBS Rate (CLP10) (or any successor primary settlement rate option) on any Valuation Date or (b) on the third day following polling for the CLP Indicative Survey Rate that results in less than 8 responses for more than two consecutive polling days. Notwithstanding the foregoing, nothing herein shall be construed to prevent EMTA from re-initiating the CLP Indicative Survey at an appropriate time in the future.

A notice that the CLP Indicative Survey has been discontinued will be published on the Publication Site.

### VI. Amendments to the Methodology

EMTA may, in its discretion, from time to time, make such administrative, procedural or other modifications to this Methodology as are appropriate to ensure the continued operation and integrity of the CLP Indicative Survey.

### VII. Disclaimer

EMTA (and any service provider EMTA may select) disclaim liability for the CLP Indicative Survey Rate, and no representation or warranty, express or implied, is made concerning the CLP Indicative Survey Rate (including, without limitation, the methodology for determining the CLP Indicative Survey Rate and its suitability for any particular use).

**Appendix B**

Position Limit, Position Accountability, and Reportable Level Table in Chapter 5

of the CME Rulebook

(attached under separate cover)

Appendix C

**CME Rulebook  
Chapter 5  
("Trading Qualifications and Practices")**

**Rule 588.H. – ("Globex Non-Reviewable Trading Ranges") Table**

(additions are underscored)

<b>Instrument Name</b>	<b>Non-Reviewable Range (NRR) in Globex Format</b>	<b>NRR including Unit of Measure</b>	<b>NRR Ticks</b>
<u>Chilean Peso/U.S. Dollar ("CLP/USD") Futures</u>	<u>40</u>	<u>40 ticks</u>	<u>40</u>

**Appendix D**

**CME Rulebook**

**Chapter 5**

**(“Trading Qualifications and Practices”)**

**Rule 589. – (“Special Price Fluctuation Limits”) Table**

(additions are underscored and deletions are ~~struck through~~)

(attached under separate cover)

## **Appendix E**

### Cash Market Overview and Analysis of Deliverable Supply

Chicago Mercantile Exchange (“CME” or “Exchange”) will launch the Chilean Peso/U.S. Dollar (“CLP/USD”) Futures contract (the “Contract”) for trading on CME Globex and for submission for clearing through CME ClearPort effective on Sunday, July 10, 2016 for trade date Monday, July 11, 2016.

#### **Recommendation**

The Exchange recommends the following position and reportable limits for the Contract:

- Spot month position limit of **5,000** contracts.
- All months position limit of **10,000** contracts.
- Reportable position limit of **25** contracts.

Furthermore, the Exchange recommends that position limits for the Contract be aggregated with the spot and all months position limits of the CME’s extant US Dollar/Chilean Peso (USD/CLP) futures contract in a **four-to-three ratio** with four new CLP/USD futures being equivalent to three extant USD/CLP futures. This recommendation is based on an aggregation method that the Exchange routinely employs to determine combined position limits when it lists two or more futures contracts on the same currency pair, which feature different pricing conventions, notional sizes, and currency denominations.

#### **Analysis**

As a basis for providing a uniform and methodical analysis of the position limits for the Contract, we have adopted three metrics to frame our analysis quantitatively.

First, we define the deliverable grade for the Contract as equal to the M1 money supply of the Republic of Chile. In general terms, Chilean M1 money supply consists of currency in circulation plus demand deposits, such as checking and savings accounts. Chilean M1 is the narrowest and most conservative definition of Chile’s deliverable currency stock available on a spot market basis. Chilean M1 data is readily available from the website of the Central Bank of Chile.<sup>3</sup>

Second, we recommend spot month position limits for the Contract be approximately equal to one percent of Chilean M1 money supply, rounded to the nearest 5,000-contract increment. We believe one percent is a reasonable level since it is well below the 25 percent maximum threshold of estimated deliverable supply that the Commodity Futures Trading Commission (CFTC) stipulates for determining the speculative spot month limits of a futures contract, as codified in Part 150 of the Commodity Exchange Act.

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<sup>3</sup> See *Private Monetary Aggregates and Their Principal Components*, Central Bank of Chile, [http://si3.bcentral.cl/estadisticas/Principal1/excel/EMF/AGREGADOS\\_MONETARIOS/excel\\_EN.html](http://si3.bcentral.cl/estadisticas/Principal1/excel/EMF/AGREGADOS_MONETARIOS/excel_EN.html).

Third, we recommend all months position limits for the Contract be approximately equal to two percent of Chilean M1 money supply, rounded to the nearest 5,000-contract increment. Again, we believe two percent is a conservative level as it is substantially below the CFTC's 25 percent maximum threshold for determining speculative limits.

Lastly, with reportable position limits, Exchange protocol typically sets such limits for any new currency futures at 25 contracts.

#### **A. USD/CLP Futures**

- ***Currency Background***

The Chilean peso is the national currency of the Republic of Chile. According to the 2013 Triennial Central Bank Survey conducted by the Bank for International Settlements, the Chilean peso is the 28th most traded currency in the world and the third most traded currency in Latin America.<sup>4</sup> Although the Chilean peso is a freely convertible currency, it is not part of the CLS global cash settlement system, an international payment versus payment settlement service that mitigates settlement risk for foreign currency transactions of its settlement members and their customers through central bank accounts.

- ***Contract Description***

The Contract is a cash settled contract that will be quoted using International Monetary Market (IMM) conventions (*i.e.*, US Dollars per Chilean peso) with a notional contract size of 50 million Chilean pesos; monthly and quarterly contract listings out two years; and a minimum tick size of 0.0000001 US dollars per Chilean peso (\$5.00). Since the Contract will be quoted on an IMM basis, pays and collects will be banked in US dollars twice daily.

- ***Price Reporting Agency***

On the business day following the last trading day, CME Clearing will liquidate all open positions in the Contract by cash settlement at a final settlement price equal to the reciprocal of the spot Chilean peso per US dollar exchange rate (*i.e.*, the Observed Dollar Rate) that is calculated and distributed by the Central Bank of Chile (BCC), the central bank of the Republic of Chile. The BCC publishes the Observed Dollar Rate daily but with a one day time delay. As a result, CME Clearing will conduct final pays and collects on the business day following the last trading day in the Contract. This "T+1" final settlement process is identical to the methodology that CME Clearing currently employs to cash settle expiring Brazilian Real/US Dollar (BRL/USD) and extant USD/CLP futures contracts. The BCC publishes the Observed Dollar Rate at approximately 10:30 a.m. Santiago time (*i.e.*, In Chicago, 6:30 a.m. same day in the winter and 8:30 a.m. same day in the summer). The Observed Dollar Rate is widely used by the interbank foreign exchange market to cash settle non-deliverable forward contracts for US dollars versus Chilean pesos and thus is considered the industry benchmark for the US dollar/Chilean peso exchange rate. The Observed Dollar Rate is currently published on Reuters screen "CLPOB=" and Bloomberg page "PCRCDOOB." The Exchange believes the Observed Dollar Rate is not readily susceptible to cash market manipulation, as required by CFTC Core Principle #3.

- ***Cash Market Analysis***

Exhibit 1 summarizes Chilean M1 money supply on a monthly basis between June 2013 and May 2016. During this three-year period, Chilean M1 increased by 34.0 percent to 27.8 trillion pesos.

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<sup>4</sup> See *Triennial Central Bank Survey: Global Foreign Exchange Market Turnover in 2013*, Bank for International Settlements, September 2013, table 2, page 10, <http://www.bis.org/publ/rpfx13.htm>.

- **Spot Month Contract Position Limit**

As noted in Exhibit 1, CME proposes a spot month position limit of 5,000 contracts for the Contract. The notional value of this limit averaged 1.04% of Chilean M1 between June 2013 and May 2016. The Exchange determined the proposed 5,000-contract spot month limit by pegging the spot month limit equal to approximately one percent of Chilean M1, and then rounding to the nearest 5,000-contract increment, based on May 2016 data.

- **All Months Contract Position Limit**

As shown in Exhibit 1, CME proposes an all months position limit of 10,000 contracts for the Contract. The notional value of this limit averaged 2.07% of Chilean M1 between June 2013 and May 2016. The Exchange determined the proposed 10,000-contract all months limit by pegging the all months limit equal to approximately two percent of Chilean M1, and then rounding to the nearest 5,000-contract increment, based on May 2016 data.

- **Aggregation of Position Limits**

When CME lists two or more futures contracts on the same currency pair, the Exchange’s current practice is to aggregate the position limits of the new futures contract with the position limits of the extant futures contract, taking note of the differences in the two contracts’ pricing conventions, notional sizes, and currency denominations.

CME currently lists a second Chilean Peso futures contract – the U.S. Dollar/Chilean Peso (USD/CLP) Futures contract (commodity code CHL) – for trading on CME Globex and for submission for clearing through CME ClearPort.

The extant USD/CLP futures is largely similar to the Contract, differing only in tickers, pricing basis, notional sizes, and currency denominations (see Table 1). Otherwise, the extant and new Chilean Peso futures are identical.

**Table 1: Differences between New and Extant Chilean Peso Futures**

	New CLP/USD Futures	Extant USD/CLP Futures
Ticker	CHP	CLP
Pricing Basis	US Dollars per Chilean Peso	Chilean Pesos per US Dollar
Notional Size	50,000,000 Units	100,000 Units
Currency Denomination	Chilean Peso	US Dollar

With a current notional size of approximately 75,000 US dollars, the Contract is equal to three-fourths the USD100,000 notional size of the extant USD/CLP futures.<sup>5</sup> Based on this relationship in notional amounts, the Exchange recommends that the position limits for the new CLP/USD futures be aggregated with the spot and all months positions limits of CME’s extant USD/CLP futures in a **four-to-three** ratio with four new Contracts being equivalent to three extant USD/CLP futures.

Since the Contract and the USD/CLP futures contracts are essentially one and the same product, the Exchange believes aggregating the spot month and all months position limits of both contracts is necessary in order to eliminate potential trading disruptions in this currency pair. Subsequently, all positions in the new and extant Chilean Peso futures in accounts for which a person, by power of attorney or otherwise, directly or indirectly holds positions or controls trading should be included with the positions held by such person. Furthermore, all positions in the new and extant USD/CLP futures that are held by

<sup>5</sup> Based on an exchange rate of 678.21 Chilean pesos per US dollar, as of June 20, 2016. Source: Google Finance.



two or more persons acting pursuant to an expressed or implied agreement or understanding should be treated the same as if the positions were held by a single person.

Please note that the Exchange will undertake periodic future analyses of both futures to ensure the proposed position limits ratio of one-to-one between the two futures is re-aligned to reflect current market and deliverable grade conditions.

### Exhibit 1: Position Limit Analysis for CLP/USD Futures

	Chilean M1* Money Supply (CLP)	Contract Size (CLP)	Contract Position Limit	Spot Month					Single Month					All Months				
				Value of Limit Level (CLP)	% of M1	1.0%	Rounded to Nearest 5,000 Contracts	Contract Position Limit	Value of Limit Level (CLP)	% of M1	1.0%	Rounded to Nearest 5,000 Contracts	Contract Position Limit	Value of Limit Level (CLP)	% of M1	2.0%	Rounded to Nearest 5,000 Contracts	
June 2013	20,773,986,000,000	50,000,000	5,000	250,000,000,000	1.20%	4,155	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	2.41%	8,310	10,000	
July 2013	20,848,742,550,000	50,000,000	5,000	250,000,000,000	1.20%	4,170	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	2.40%	8,339	10,000	
August 2013	20,444,907,000,000	50,000,000	5,000	250,000,000,000	1.22%	4,089	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	2.45%	8,178	10,000	
September 2013	21,103,844,908,764	50,000,000	5,000	250,000,000,000	1.18%	4,221	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	2.37%	8,442	10,000	
October 2013	20,400,657,981,870	50,000,000	5,000	250,000,000,000	1.23%	4,080	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	2.45%	8,160	10,000	
November 2013	20,803,212,131,668	50,000,000	5,000	250,000,000,000	1.20%	4,161	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	2.40%	8,321	10,000	
December 2013	22,111,893,000,000	50,000,000	5,000	250,000,000,000	1.13%	4,422	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	2.26%	8,845	10,000	
January 2014	22,353,752,700,000	50,000,000	5,000	250,000,000,000	1.12%	4,471	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	2.24%	8,942	10,000	
February 2014	22,108,398,000,000	50,000,000	5,000	250,000,000,000	1.13%	4,422	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	2.26%	8,843	10,000	
March 2014	22,173,650,952,381	50,000,000	5,000	250,000,000,000	1.13%	4,435	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	2.25%	8,869	10,000	
April 2014	22,599,434,750,000	50,000,000	5,000	250,000,000,000	1.11%	4,520	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	2.21%	9,040	10,000	
May 2014	22,915,375,654,762	50,000,000	5,000	250,000,000,000	1.09%	4,583	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	2.18%	9,166	10,000	
June 2014	23,133,149,950,000	50,000,000	5,000	250,000,000,000	1.08%	4,627	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	2.16%	9,253	10,000	
July 2014	22,930,283,570,455	50,000,000	5,000	250,000,000,000	1.09%	4,586	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	2.18%	9,172	10,000	
August 2014	22,619,509,767,500	50,000,000	5,000	250,000,000,000	1.11%	4,524	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	2.21%	9,048	10,000	
September 2014	23,249,813,000,000	50,000,000	5,000	250,000,000,000	1.08%	4,650	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	2.15%	9,300	10,000	
October 2014	22,820,619,000,000	50,000,000	5,000	250,000,000,000	1.10%	4,564	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	2.19%	9,128	10,000	
November 2014	23,961,797,750,000	50,000,000	5,000	250,000,000,000	1.04%	4,792	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	2.09%	9,585	10,000	
December 2014	25,490,818,300,000	50,000,000	5,000	250,000,000,000	0.98%	5,098	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	1.96%	10,196	10,000	
January 2015	25,414,780,400,997	50,000,000	5,000	250,000,000,000	0.98%	5,083	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	1.97%	10,166	10,000	
February 2015	25,336,434,828,941	50,000,000	5,000	250,000,000,000	0.99%	5,067	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	1.97%	10,135	10,000	
March 2015	25,085,896,806,358	50,000,000	5,000	250,000,000,000	1.00%	5,017	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	1.99%	10,034	10,000	
April 2015	25,477,494,914,004	50,000,000	5,000	250,000,000,000	0.98%	5,095	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	1.96%	10,191	10,000	
May 2015	25,956,826,391,510	50,000,000	5,000	250,000,000,000	0.96%	5,191	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	1.93%	10,383	10,000	
June 2015	26,464,691,510,367	50,000,000	5,000	250,000,000,000	0.94%	5,293	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	1.89%	10,586	10,000	
July 2015	26,302,955,197,209	50,000,000	5,000	250,000,000,000	0.95%	5,261	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	1.90%	10,521	10,000	
August 2015	26,207,021,376,236	50,000,000	5,000	250,000,000,000	0.95%	5,241	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	1.91%	10,483	10,000	
September 2015	26,479,123,741,983	50,000,000	5,000	250,000,000,000	0.94%	5,296	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	1.89%	10,592	10,000	
October 2015	26,226,716,480,371	50,000,000	5,000	250,000,000,000	0.95%	5,245	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	1.91%	10,491	10,000	
November 2015	26,672,543,344,245	50,000,000	5,000	250,000,000,000	0.94%	5,335	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	1.87%	10,669	10,000	
December 2015	28,210,039,530,049	50,000,000	5,000	250,000,000,000	0.89%	5,642	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	1.77%	11,284	10,000	
January 2016	28,818,619,047,006	50,000,000	5,000	250,000,000,000	0.87%	5,764	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	1.73%	11,527	10,000	
February 2016	28,335,826,233,568	50,000,000	5,000	250,000,000,000	0.88%	5,667	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	1.76%	11,334	10,000	
March 2016	27,808,723,085,976	50,000,000	5,000	250,000,000,000	0.90%	5,562	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	1.80%	11,123	10,000	
April 2016	27,798,259,163,909	50,000,000	5,000	250,000,000,000	0.90%	5,560	5,000	NA	-----	-----	-----	-----	10,000	500,000,000,000	1.80%	11,119	10,000	
<b>May 2016</b>	<b>27,835,301,468,894</b>	<b>50,000,000</b>	<b>5,000</b>	<b>250,000,000,000</b>	<b>0.90%</b>	<b>5,567</b>	<b>5,000</b>	<b>NA</b>	<b>-----</b>	<b>-----</b>	<b>-----</b>	<b>-----</b>	<b>10,000</b>	<b>500,000,000,000</b>	<b>1.80%</b>	<b>11,134</b>	<b>10,000</b>	
<b>Over Last 36 Months</b>																		
Average:	24,368,752,791,362				1.04%										2.07%			
Maximum:	28,818,619,047,006				1.23%										2.45%			
Minimum:	20,400,657,981,870				0.87%										1.73%			
Growth Rate:	33.99%																	

Source: CME Group, Bloomberg LP, and Central Bank of Chile.

\*M1 money supply is currency in circulation plus demand deposits.

**Appendix G**

**Exchange Fee Schedule for Chilean Peso/U.S. Dollar (CLP/USD) Futures Contract**

<b>Membership Type</b>	<b>Venue/Transaction Type</b>	<b>Exchange Fee</b>
Individual Members Clearing Members Rule 106.J Equity Member Firms & Rule 106.J Qualified Subsidiaries Rule 106.I Members & Rule 106.I Qualified Affiliates Rule 106.S Member Approved Funds	Open Outcry	\$0.07
	CME Globex	\$0.32
	EFPIEFR	\$1.07
	Block	\$1.07
	Delivery	\$0.07
	Exe Asn Future From	\$0.12
Rule 106.D Lessees Rule 106.F Employees	Open Outcry	\$0.27
	CME Globex	\$0.52
	EFPIEFR	\$1.27
	Block	\$1.27
	Delivery	\$0.27
	Exe Asn Future From	\$0.32
Rule 106.R Electronic Corporate Members (For other than CME Globex - Non-Member rates apply)	CME Globex	\$0.44
Rule 106.H and 106.N Firms	Open Outcry	\$0.45
	CME Globex	\$0.44
	EFPIEFR	\$1.45
	Block	\$1.45
	Delivery	\$0.45
	Exe Asn Future From	\$0.50
International Incentive Program (IIP) and International Volume Incentive Program (IVIP) Participants (Open Outcry at same rate as CME Globex for Interest Rate products only)	CME Globex	\$0.54
Central Bank Incentive Program (CBIP), Emerging Markets Bank Incentive Program (EMBIP), Latin American Fund Manager Incentive Program (FMIP), Latin American Proprietary Trading Incentive Program (LAPTIP) Participants (For other than CME Globex - Non-Member rates apply)	CME Globex	\$1.00
Latin American Commercial Incentive Program (LACIP) Participants (For other than Ags/FX CME Globex - Non-Member rates apply)	CME Globex	\$1.00
CTA/Hedge Fund Incentive Program Participants (For other than FX CME Globex - Non-Member rates apply)	CME Globex	\$1.20
Members Trading Outside of Division (For other than CME Globex During ETH - Non-Member rates apply)	CME Globex During ETH Only	\$0.85
Non-Members (Including: CBOE Members)	Open Outcry	\$0.60
	CME Globex – Outrights	\$1.60
	CME Globex – Spreads	\$1.35
	EFPIEFR	\$1.60
	Block	\$1.60
	Delivery	\$0.60
Exe Asn Future From	\$0.65	

<b>Other CME Processing Fees</b>	<b>Rate</b>
106.D Lessee/106.H Brokerage	\$0.13
106.F Employee Brokerage	\$0.13
Floor / "New" Brokerage	\$0.04
Position Adjustments/Position Transfers	\$0.10
Give-Up Surcharge	\$0.05
Facilitation Fee	\$0.40