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Timothy R. Elliott  
Director and Associate General Counsel  
Legal Department

OFFICE OF THE  
SECRETARIAT

December 2, 2011

Mr. David Stawick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, DC 20581

**RE: Regulation 40.6(a) – Clearing House Certification of CME Rule Amendments for Cash Settled, Cleared OTC CME WM/Reuters Foreign Exchange (FX) Spot, Forward and Swaps and Non-Deliverable Forward (NDF) Transactions. CME Submission 11-463.**

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. ("CME" or the "Clearing House") hereby notifies the Commission that it is self-certifying rule amendments that are related to its upcoming roll-out of new OTC FX clearing only products including Cash Settlement, Cleared Over-the-Counter (OTC) CME WM/Reuters ("CME WMR") Spot, Forward and Swaps and Cleared U.S. Dollar ("USD") / Peruvian Nuevo Sol ("PEN") Non-Deliverable Forward (NDF) Transactions. This submission amends rules that were previously submitted in connection with CME Submission 11-360, dated September 22, 2011, to support the upcoming launch. This submission also includes certain clarifying amendments to existing CME rules governing OTC FX products.

In addition to this 40.6(a) filing, the Clearing House is also hereby providing notice of its intention to change the previously submitted implementation date for the products described below (and associated rules contained within Submission 11-360) from Tuesday, January 3, 2012 to Monday, December 19, 2011. The separate rule changes described in this filing are also scheduled to be implemented on December 19, 2011.

#### **DECEMBER 18, 2011 ROLL-OUT OF ADDITIONAL OTC FX CLEARED ONLY PRODUCTS**

Effective Sunday, December 18, 2011, for the clearing date of Monday, December 19, 2011, Chicago Mercantile Exchange Inc. ("CME") will offer clearing services for twenty-six ("26") foreign exchange ("FX") pairs for innovative over-the-counter ("OTC") cash-settled forward ("CSF") transactions: Australian Dollar ("AUD") / U.S. Dollar ("USD"), USD / Swiss Franc ("CHF"), USD / Canadian Dollar ("CAD"), New Zealand Dollar ("NZD") / USD, USD / Norwegian Krone ("NOK"), USD / Swedish Krona ("SEK"), USD / Denmark Krone ("DKK"), Euro ("EUR") / USD, USD / Japanese Yen ("JPY"), Great British Pound ("GBP") / USD, USD / Mexican Peso ("MXN"), USD / Singapore Dollar ("SGD"), USD / Polish Zloty ("PLN"), USD / South African Rand ("ZAR"), AUD/JPY, EUR/AUD, CAD/JPY, EUR/GBP, EUR/JPY, EUR/CHF, USD / Czech Koruna ("CZK"), USD / Hungarian Forint ("HUF"), USD / Turkish Lira ("TRY"), USD / Israeli Shekel ("ILS"), USD / Thailand Baht ("THB") and USD / Hong Kong Dollar ("HKD"). Also at this same time, CME will begin offering clearing services for another OTC cash settlement non-deliverable forward ("NDF") FX pair, namely, USD / Peruvian Nuevo Sol ("PEN").

As discussed above, the rules that are associated with these products were initially included in a new product submission dated September 22, 2011, namely, CME Submission 11-360. This filing, CME

Submission 11-463, describes (1) changes to certain rules initially included in Submission 11-360 but not yet implemented and (2) clarifying changes to other existing CME rules governing OTC FX products. All of these changes will take effect on December 19, 2011.

This submission includes changes to text originally included in CME Submission 11-360 but not yet implemented in the following CME rules: Rule 5.C. (Position Limit and Reportable Level table), changes to Chapter 300 (CME WM/Reuters OTC Spot, Forward and Swap Contracts), and changes to Chapter 277H (Cleared OTC U.S. Dollar/Peruvian Nuevo Sol (USD/PEN) Spot, Forwards and Swaps). The attached appendices show the changes both as they will be implemented in the CME rulebook on December 19, 2011 and, separately, as changes marked against the original rule text in CME Submission 11-360.

The submission also includes changes to existing CME rules, more specifically, changes to Chapter 257H (Cleared OTC U.S. Dollar/Brazilian Real (USD/BRL) Spot, Forwards and Swaps), Chapter 260H (Cleared OTC U.S. Dollar/Russian Ruble (USD/RUB) Spot, Forwards and Swaps), Chapter 270H (Cleared OTC U.S. Dollar/Chinese Renminbi (USD/RMB) Spot, Forwards and Swaps), and Chapter 271H (Cleared OTC U.S. Dollar/Korean Won Sol (USD/KRW) Spot, Forwards and Swaps). The final appendix shows these changes marked against the current CME rulebook.

## BACKGROUND AND DESCRIPTION OF CHANGES

The new 26 FX pairs of CME WM/Reuters (co-branded) OTC spot, forward and swap products (also known as CSFs) are cash settled in major currencies (mostly USD) to the OTC FX benchmark WM/Reuters Closing Spot Rates<sup>1</sup> (4 PM London time). CME has licensed use of the international FX benchmark 4:00 PM London Spot Closing Rates from WM/Reuters to cash settle OTC derivative products.

The CME WM/Reuters ("CME WMR") OTC products broaden significantly CME's current cleared OTC FX product suite of eleven ("11") cash settlement non-deliverable forward ("NDF") transactions. With the addition of cleared OTC USD/PEN NDF transactions also on Monday, December 19, 2011, the CME cleared FX product suite will total thirty-eight ("38") products: 26 CME WMR and 12 NDFs. OTC FX transactions that are executed bilaterally directly between counterparties, through brokers, ECNs or other FX trading platforms, when submitted to the CME Clearing House, are novated for purposes of clearing and application of financial safeguards, bookkeeping, trade processing, and final delivery or cash settlement. These contracts will be carried in the new OTC sequestered account class.

CME already introduced clearing services for traditional OTC USD / Chilean Peso (USD/CLP) NDF transactions, beginning on Monday, April 18, 2011, as the first step of a broad product suite. OTC USD/ Brazilian Real ("BRL") and USD/ Chinese Renminbi ("RMB" or "CNY") NDF transactions were added on Monday, October 31, 2011; and USD / Russian Ruble ("RUB"), USD / Korean Won ("KRW"), USD / Colombian Peso ("COP"), USD / Indian Rupee ("INR"), USD / Indonesian Rupiah ("IDR"), USD / Malaysian Ringgit ("MYR"), USD / Taiwan Dollar ("TWD") and USD / Philippines peso ("PHP") NDF transactions, were listed for clearing starting Monday, November 14, 2011. All of these products were described previously in CME Group Special Executive Report, S-5954, dated Tuesday, September 27, 2011, and in CME Submission 11-360, dated September 22, 2011.

### New Contracts Cash-Settlement Summary

<sup>1</sup> The WM/Reuters Closing Spot Rates are provided by The World Markets Company PLC (WM) in conjunction with Reuters and are used for certain currencies (the "Rates") displayed herein. WM and Reuters shall not be liable for any errors in or delays in providing or making available the WM/Reuters Closing Spot Rates, nor for any actions taken in reliance on the same. The Rates cannot be used, reproduced, distributed, redistributed, licensed or disclosed in any way without a written agreement with WM..

Cash-settlement style transactions for 26 physically deliverable currency pairs is facilitated by settling at expiration to the 4:00 PM London time WM/Reuters Closing Spot Rate derived Final Settlement Prices. Trades conducted in the interbank standard quotation mechanisms of USD per AUD, CHF per USD, CAD per USD, USD per NZD, NOK per USD, SEK per USD, DKK per USD, USD per EUR, JPY per USD, USD per GBP, MXN per USD, SGD per USD, PLN per USD, ZAR per USD, JPY per AUD, AUD per EUR, JPY per CAD, GBP per EUR, JPY per EUR, CHF per EUR, CZK per USD, HUF per USD, TRY per USD, ILS per USD, THB per USD and HKD per USD may be submitted through CME ClearPort<sup>®</sup> for clearing, cash mark to market and final settlement.

At termination, ten of the 26 FX pairs, namely, AUD/USD, NZD/USD, EUR/USD, GBP/USD, USD/CAD, USD/JPY, AUD/JPY, CAD/JPY, EUR/GBP and EUR/JPY will be cash settled in the "minimum fluctuation currency" of USDs for AUD/USD, NZD/USD, EUR/USD, GBP/USD, and CAD for USD/CAD and JPY for USD/JPY, AUD/JPY, CAD/JPY, EUR/JPY and GBP for EUR/GBP transactions. However, at the request of customers to minimize the number of currency accounts needed to process cash-settled, cleared CME WMR OTC FX transactions, 14 FX pairs, namely, USD/CHF, USD/NOK, USD/SEK, USD/DKK, USD/MXN, USD/SGD, USD/PLN, USD/ZAR, USD/CZK, USD/HUF, USD/TRY, USD/ILS, USD/THB and USD/HKD, which have minor currencies as the "minimum fluctuation currency," will have final settlement in USDs rather than the minor currencies. Also, under the same rationale to minimize the number of different FX accounts for customers, final settlement for the CME WMR EUR/AUD and EUR/CHF FX pairs will be in EUR rather than AUD and CHF, respectively. There are rule amendments included in this filing in new Chapter 300 and existing Chapters 257H, 270H, 271H and 260H that are intended to address the above (discussed more below).

All open positions for any valid value date for cash settlement will be cash settled based upon the difference between the Final Settlement Price for the valid value date for cash settlement and the original trade price as submitted for clearing times the notional value of the transaction. However, for the 14 FX pairs including the USD noted above, and the EUR/AUD and EUR/CHF, an additional final step is added. The resulting amount in "minimum fluctuation currency" will be converted back into USDs or EURs, as appropriate, by dividing by Final Settlement Price. The new cleared OTC USD/PEN NDF transactions cash settle in analogous manner to the existing listed cleared OTC FX NDFs. Final payments at termination are converted into USDs by dividing implied notional payment amount in PEN by the Final Settlement Price. Cash settlement of cleared only transactions occurs on a net basis at the customer account level. Please note CME Clearing systems are flexible to accommodate any style of quoted trade with any size notional amounts down to the precision of \$0.01 and any valid value date.

### **Position Accountability & Position Limits**

This submission includes changes dealing with position limit, accountability and reportable levels. Individual entries in the Appendix to Chapter 300 provides either Position Accountability (PA) or Position Limits (PL) or a combination of both (e.g., PA with spot month PL) depending generally on the liquidity in the underlying OTC instruments and coordinating with existing and similar FX futures and options on futures contracts. Highly liquid underlying FX pair activity enable Position Accountability trigger levels as opposed to finite limits, and less liquid underlying FX pair activity require the more restrictive Position Limits. Since FX futures, options on FX futures, cleared OTC FX spot, forwards and swaps; and OTC FX options on spot and forwards, are essentially extensions of the same market, CME rules will aggregate positions for an account holder across all of these product lines per FX pair. Notional level equivalents for the existing FX pair futures contracts for Position Accountability and/or Position Limits are carried over to the Cleared OTC FX rules. Also carried over to the Cleared OTC FX rules is a new provision for an exemption from finite position limits, where the account holder demonstrates a bona fide hedging strategy meeting the requirements of Regulation 1.3(z)(1) of the CFTC and other exchange rules. See Appendix 3 and CME Rule 300.01.E.8, which provides for the exemptions.

Twenty-two of the twenty-six new cleared CME WMR OTC FX products being launched on Monday, December 19, 2011, have underlying FX pair futures and/or options on futures contracts for these same FX pairs that will be listed for cleared OTC transactions (i.e., AUD/USD, USD/CHF, USD/CAD, NZD/USD, USD/NOK, USD/SEK, EUR/USD, USD/JPY, GBP/USD, USD/MXN, USD/PLN, USD/ZAR, AUD/JPY, EUR/AUD, CAD/JPY, EUR/GBP, EUR/JPY, EUR/CHF, USD/CZK, USD/HUF, USD/TRY and USD/ILS). As noted above, CME considers FX futures, options on FX futures, cleared OTC FX spot, forwards and swaps; and OTC FX options on spot and forwards, as essentially extensions of the same market, and CME rules will aggregate positions for an account holder across all of these product lines per FX pair. In instances where there are existing underlying futures and options on futures contracts for the same FX pair, CME is basing the new OTC contract Position Accountability and Position Limits rules on these underlying, existing futures and options on futures. That is, for purposes of aggregation, positions in the new cleared OTC products will be rolled up in equivalent amounts of currency specified in the corresponding FX pair futures and options on futures Position Accountability and/or Position Limits rules. Note that in some cases, for example, where the underlying FX futures contract is priced in reciprocal terms to the interbank standard quotation method (IMM terms), position accountability and/or position limits levels are based upon a conversion of the OTC FX unit of clearing currency into the OTC FX minimum price increments currency (to be the same as underlying FX futures contract size currency), using the prior day's Regular Trading Hours settlement price. However, in instances where there are no existing underlying futures or options on futures contracts (such as USD/DKK and USD/SGD), CME is basing new OTC contract Position Accountability and Position Limit rules on notional "contract" sizes of 100,000 USDs. See Appendices No. 1 and 2 for additions to the Chapter 5 interpretation table summarizing Position Accountability and Position Limits rules for the newly listed contracts.

For example, if the notional amount for a cleared OTC USD/JPY spot, forward or swap position was 100,000 U.S. dollars, and the daily Regular Trading Hours settlement used for conversion purposes was 77.08 JPY per USD (also equal to 0.012974 USD per JPY), then 7,708,000 JPY (100,000 USD x 77.08 JPY per USD) would be charged against the 125 billion JPY all months combined Position Accountability trigger level (10,000 contracts x 12.5 million JPY per futures contract). This calculation method is more obvious to market participants with an OTC background.

This also can be calculated in terms of converting the notional OTC transaction into equivalent standard sizes of futures contracts and charging that amount against the 10,000 futures contract Position Accountability all months combined trigger level. For example, a 100,000 USD notional OTC transaction would equal 0.617 standard futures size contracts against the 10,000 futures contract all months combined Position Accountability level (100,000 USD x 77.08 JPY per USD = 7,708,000 JPY divided by 12,500,000 JPY per standard size contract = 0.617 standard size contracts charged against the 10,000 contract all months combined Position Accountability trigger level, thus leaving 9,999.383 standard size contracts available before the Position Accountability level becomes hit). This calculation method is more obvious to market participants with a futures product background. However, both calculation methods illustrated represent the same relationship.

Also, CME is continuing its Position Limits and Position Accountability rule structure for the twenty-six new Cleared CME WMR OTC Cash Settled Forwards Transactions in an analogous manner to the existing Cleared OTC FX Spot, Forward and Swap Transactions, where positions are aggregated for a given FX pair that settle generally between the second and third Wednesdays (inclusive) of March, June, September and December. The OTC portion of such cross-currency swaps will roll up into the Spot Position Limit rule, but will be in effect during the week preceding CME FX futures terminations. See Appendices No. 3 and 4 for the Position Limits and Position Accountability rules in the CME WMR Cash Settled Forwards contract chapter, Appendices No. 5 and 6 for the Position Accountability and Spot Limits for the cleared OTC USD/PEN NDF, and Appendices No. 1 and 2 for the CME Rule 5.C. Position Limit and Reportable Level Table in the Interpretations section of Chapter 5.

Appendices No. 1 and No. 2 show amendments to the Chapter 5 Interpretations section table, which summarizes the Position Limit and Reportable Levels for CME products. The revisions indicate the

addition of the relevant information for the 27 new cleared OTC FX products being listed for clearing starting Monday, December 19, 2011. Also, two inadvertent corrections are made, one to delete a reference to a U.S. Dollar/Argentine Peso OTC product, which CME has not proposed at this time; and another to correct the spot month position limit level from the 20,000 to 2,000 contracts for the cleared USD/KRW OTC product to align with the corresponding KRW/USD futures contract spot month position limit.

#### **Specific Amendments to Chapter 300.**

New Chapter 300 contains new rules governing the twenty-six new CME WMR OTC CSFs that are scheduled to be launched on Monday, December 19, 2011. Appendix 3 shows the new rules that will be added to the CME rulebook and Appendix 4 shows the changes that have been made to Chapter 300 since the original CME Submission 11-360.

In one such change, CME added a second sentence to the preexisting second paragraph of CME Rule 300.02.A. This additional sentence in the rule plus an analogous single-asterisked footnote added to the Chapter 300 Appendix denotes the additional step at final cash settlement, where for several asterisked FX pairs, the final calculated "minimum fluctuation currency amount" is converted into the "Unit of Trading and Clearing Currency" by dividing by the Final Settlement Price. This action minimizes the number of different currency accounts that customers will need to open in order to participate in this cleared OTC FX offering. For example, for 14 of the 26 new CME WMR OTC CSFs launching on December 19, 2011, the final settlement amount will be converted into USDs from CHF, NOK, SEK, DKK, MXN, SGD, PLN, ZAR, CZK, HUF, TRY, ILS, THB and HKD, eliminating the need for customers to maintain accounts in these 14 currencies. A new additional second paragraph for CME Rule 300.02.A. denotes that in some cases, the Final Settlement Prices for a given FX pair will be calculated using the appropriate WM/Reuters Closing Spot Rates for component currency pairs. For example, the AUD/JPY Final Settlement Price will be calculated by multiplying the two WM/Reuters 4 PM London time Closing Spot Rates for AUD/USD and USD/JPY; therefore, the AUD/JPY Final Settlement Price is derived from those two FX pairs' Final Settlement Prices. Double asterisks and an explanatory footnote in the Appendix table to Chapter 300 clearly identify those FX pairs that are calculated in this way. Lastly, for CME Rule 300.02.A., a fourth paragraph is added to define the movement of the final payment amount between the CME Clearing House and buyers and sellers, when the calculation of that final payment amount is positive or negative. This language had been adopted previously by CME for many of the cleared OTC FX NDF products and is being included also for the cleared CME WM/Reuters OTC FX products and those cleared OTC FX NDF offerings where CME has an underlying futures contract for the same FX pair.

#### **Specific Amendments to Chapter 277H.**

Appendices No. 5 and 6 show changes to CME Rulebook Chapter 277H. Cleared OTC U.S. Dollar / Peruvian Nuevo Sol (USD/PEN) Spot, Forward and Swaps. CME is amending CME Rule 277H.02.A. Day of Cash Settlement to make the rule provision for number of decimals (six) of the Final Settlement Price calculation to align with the decimal notation for the minimum price increment (six).

#### **Specific Amendments to Chapters 257H, 260H, 270H and 271H.**

Finally, as mentioned above briefly and also included in Appendix 7, CME is adding language to four already listed, cleared OTC FX NDF products' cash settlement sections to mirror procedures and documentation for the other cleared OTC FX NDF products to define movement of the final payment amount at termination between CME Clearing and the buyers and sellers in the transaction. This language is also consistent with the soon to be listed 26 cleared WM/Reuters OTC FX CSFs. The four products to be amended are cleared OTC USD/RUB, USD/BRL, USD/CNY and USD/ KRW non-deliverable forwards.

### CORE PRINCIPLE ANALYSIS

CME business staff responsible for the rule amendments and the CME legal department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA").

During the review, CME staff identified that the amendments in this filing may have some bearing on the following Core Principles:

#### **Settlement Procedures:**

Launching 27 new cleared OTC FX cash settlement products will require appropriate resources for timely and accurate daily settlements of the products. However, CME Settlements and Clearing teams have planned for several years to offer OTC FX products, and have developed procedures to do timely daily settlements for these foreign exchange products. Also, these particular OTC spot, forwards and swaps are cash settled in major currencies, so physical delivery complications are minimized.

#### **Reporting:**

With respect to Reporting, CME will provide reports and information to the Commission regarding these 27 new cleared OTC FX cash settlement products, including position information per currency pair on an aggregated basis, if warranted, and other information, to enable the Commission to properly perform its oversight function, where appropriate.

The Clearing House certifies that the rule changes described herein comply with the Commodity Exchange Act and regulations thereunder. There were no substantive opposing views to this proposal. The amendments will become effective on Sunday, December 18 for trade date Monday, December 19, 2011.

The Clearing House certifies that this submission has been concurrently posted on its website at <http://www.cmegroup.com/market-regulation/rule-filings.html>. In addition, members/shareholders will be notified of the information contained herein in CME Group Special Executive Report, S-6037, dated Wednesday, December 7, 2011.

If you require any additional information regarding this action, please do not hesitate to contact me at 312-466-7478 or via e-mail at [tim.elliott@cmegroup.com](mailto:tim.elliott@cmegroup.com).

Sincerely,

/s/ Timothy Elliott  
Director and Associate General Counsel

Enclosure

# Appendix 1

[Below shows changes to CME Rulebook that will be implemented on  
December 19, 2011.]

## 5.C. POSITION LIMIT AND REPORTABLE LEVEL TABLE POSITION LIMIT, POSITION ACCOUNTABILITY AND REPORTABLE LEVEL TABLE

CONTRACT NAME	OPTIONS	FIRST SCALE -DOWN SPOT MONTH	SECOND SCALE- DOWN SPOT MONTH	SPOT MONTH	SINGLE MONTH	ALL MONTHS COMBINED	POSITION ACCOUNT- ABILITY	REPORT- ABLE FUT LEVEL	REPORT- ABLE OPT LEVEL
CME Foreign Exchange									
Canadian Dollar/Japanese Yen							6,000	25	
U.S. Dollar/Chilean Peso (Cleared OTC Equivalents)*****				20,000			6,000	NA	
U.S. Dollar Mexican Peso (Cleared OTC Equivalents)				20,000			6,000	NA	
U.S. Dollar/Brazilian Real (Cleared OTC Equivalents)					24,000	40,000		NA	
U.S. Dollar/Polish Zloty (Cleared OTC Equivalents)				2,000			6,000	NA	
U.S. Dollar /Chinese Renminbi (Cleared OTC Equivalents)				2,000			6,000	NA	
U.S. Dollar/Russian Ruble (Cleared OTC Equivalents)				2,000		10,000		NA	
British Pound/U.S. Dollar (Cleared OTC Equivalents)							10,000	NA	
U.S. Dollar/Canadian Dollar (Cleared OTC Equivalents)							6,000	NA	
U.S. Dollar/Japanese Yen (Cleared OTC Equivalents)							10,000	NA	
U.S. Dollar/Swiss Franc (Cleared OTC Equivalents)							10,000	NA	
Australian Dollar/U.S. Dollar (Cleared OTC Equivalents)							6,000	NA	
New Zealand Dollar/U.S. Dollar (Cleared OTC Equivalents)							6,000	NA	
U.S. Dollar/South African Rand (Cleared OTC Equivalents)				5,000			6,000	NA	
Euro/U.S. Dollar (Cleared OTC Equivalents)							10,000	NA	
U.S. Dollar/Norwegian Krone (Cleared OTC Equivalents)							6,000	NA	
U.S. Dollar/Swedish Krona (Cleared OTC Equivalents)							6,000	NA	
U.S Dollar/Czech Koruna (Cleared OTC Equivalents)				2,000			6,000	NA	
U.S Dollar/Hungarian Forint (Cleared OTC Equivalents)				2,000			6,000	NA	

<u>Equivalents)</u>							
<u>U.S Dollar/Israeli Shekel</u> (Cleared OTC Equivalents)			<u>2,000</u>		<u>6,000</u>	<u>NA</u>	
<u>U.S Dollar/Turkish Lira</u> (Cleared OTC Equivalents)			<u>2,000</u>		<u>6,000</u>	<u>NA</u>	
<u>U.S. Dollar/Danish Krone</u> (Cleared OTC Equivalents)****					<u>6,000</u>	<u>NA</u>	
<u>Euro/British Pounds</u> (Cleared OTC Equivalents)					<u>6,000</u>	<u>NA</u>	
<u>Euro/Japanese Yen</u> (Cleared OTC Equivalents)					<u>6,000</u>	<u>NA</u>	
<u>Euro/Swiss Franc</u> (Cleared OTC Equivalents)					<u>6,000</u>	<u>NA</u>	
<u>Canadian</u> <u>Dollar/Japanese Yen</u> (Cleared OTC Equivalents)					<u>6,000</u>	<u>NA</u>	
<u>Euro/ Australian Dollar</u> (Cleared OTC Equivalents)					<u>6,000</u>	<u>NA</u>	
<u>Australian</u> <u>Dollar/Japanese Yen</u> (Cleared OTC Equivalents)					<u>6,000</u>	<u>NA</u>	
<u>U.S. Dollar/Hong Kong</u> <u>Dollar (Cleared OTC</u> <u>Equivalents)****</u>					<u>6,000</u>	<u>NA</u>	
<u>U. S. Dollar/Singapore</u> <u>Dollar (Cleared OTC</u> <u>Equivalents)****</u>			<u>5,000</u>		<u>6,000</u>	<u>NA</u>	
<u>U.S. Dollar/Thailand Baht</u> (Cleared OTC Equivalents)****			<u>2,000</u>		<u>6,000</u>	<u>NA</u>	
<u>U.S. Dollar/Colombian</u> <u>Peso (Cleared OTC</u> <u>Equivalents)****</u>			<u>20,000</u>		<u>6,000</u>	<u>NA</u>	
<u>U.S. Dollar/Peruvian</u> <u>Nuevo Sol (Cleared OTC</u> <u>Equivalents)****</u>			<u>20,000</u>		<u>6,000</u>	<u>NA</u>	
<u>U.S. Dollar/Korean Won</u> (Cleared OTC Equivalents)			<u>2,000</u>		<u>6,000</u>	<u>NA</u>	
<u>U.S. Dollar/Indian Rupee</u> (Cleared OTC Equivalents)****			<u>20,000</u>		<u>6,000</u>	<u>NA</u>	
<u>U.S. Dollar/Malaysian</u> <u>Ringgit (Cleared OTC</u> <u>Equivalents)****</u>			<u>20,000</u>		<u>6,000</u>	<u>NA</u>	
<u>U.S. Dollar/Indonesian</u> <u>Rupiah (Cleared OTC</u> <u>Equivalents)****</u>			<u>20,000</u>		<u>6,000</u>	<u>NA</u>	
<u>U.S. Dollar/Taiwan Dollar</u> (Cleared OTC Equivalents)****			<u>20,000</u>		<u>6,000</u>	<u>NA</u>	
<u>U.S. Dollar/Philippines</u> <u>Peso (Cleared OTC</u> <u>Equivalents)****</u>			<u>20,000</u>		<u>6,000</u>	<u>NA</u>	
<u>Chinese Renminbi/Euro</u> <u>FX</u>	<u>Y</u>		<u>2,000</u>		<u>6,000</u>	<u>25</u>	<u>25</u>

\*\*\*\*For purposes of Position Accountability and Position Limits, notional value in the cleared only product will be converted to contract units, whereby, notional 100,000 U.S. dollars will equal one contract equivalent. Spot month position limits will be calculated based upon contract equivalents for cleared transactions which are settled in the spot period between the second and third Wednesdays (inclusive) during the months of March, June, September and December.



## Appendix 2

[Marked text shows changes to Rule 5.C. versus text included in CME Submission 11-360.]

**5.C. POSITION LIMIT AND REPORTABLE LEVEL TABLE**  
**POSITION LIMIT, POSITION ACCOUNTABILITY AND REPORTABLE LEVEL TABLE**

CONTRACT NAME	OPTIONS	FIRST SCALE -DOWN SPOT MONTH	SECOND SCALE-DOWN SPOT MONTH	SPOT MONTH	SINGLE MONTH	ALL MONTHS COMBINED	POSITION ACCOUNT-ABILITY	REPORT-ABLE FUT LEVEL	REPORT-ABLE OPT LEVEL
<b>CME Foreign Exchange</b>									
Canadian Dollar/Japanese Yen							6,000	25	
U.S. Dollar/Chilean Peso (Cleared OTC Equivalents)****				20,000			6,000	NA	
<u>U.S. Dollar/Mexican Peso (Cleared OTC Equivalents)</u>				<u>20,000</u>			<u>6,000</u>	<u>NA</u>	
U.S. Dollar/Brazilian Real (Cleared OTC Equivalents)					24,000	40,000		NA	
<u>U.S. Dollar/Polish Zloty (Cleared OTC Equivalents)</u>				<u>2,000</u>			<u>6,000</u>	<u>NA</u>	
U.S. Dollar/Chinese Renminbi (Cleared OTC Equivalents)				2,000			6,000	NA	
U.S. Dollar/Russian Ruble (Cleared OTC Equivalents)				2,000		10,000		NA	
<u>British Pound/U.S. Dollar (Cleared OTC Equivalents)</u>							<u>10,000</u>	<u>NA</u>	
<u>U.S. Dollar/Canadian Dollar (Cleared OTC Equivalents)</u>							<u>6,000</u>	<u>NA</u>	
<u>U.S. Dollar/Japanese Yen (Cleared OTC Equivalents)</u>							<u>10,000</u>	<u>NA</u>	
<u>U.S. Dollar/Swiss Franc (Cleared OTC Equivalents)</u>							<u>10,000</u>	<u>NA</u>	
<u>Australian Dollar/U.S. Dollar (Cleared OTC Equivalents)</u>							<u>6,000</u>	<u>NA</u>	
<u>New Zealand Dollar/U.S. Dollar (Cleared OTC Equivalents)</u>							<u>6,000</u>	<u>NA</u>	
<u>U.S. Dollar/South African Rand (Cleared OTC Equivalents)</u>				<u>5,000</u>			<u>6,000</u>	<u>NA</u>	
<u>Euro/U.S. Dollar (Cleared OTC Equivalents)</u>							<u>10,000</u>	<u>NA</u>	
<u>U.S. Dollar/Norwegian Krone (Cleared OTC Equivalents)</u>							<u>6,000</u>	<u>NA</u>	
<u>U.S. Dollar/Swedish Krona (Cleared OTC Equivalents)</u>							<u>6,000</u>	<u>NA</u>	
<u>U.S. Dollar/Czech Koruna (Cleared OTC Equivalents)</u>				<u>2,000</u>			<u>6,000</u>	<u>NA</u>	
<u>U.S. Dollar/Hungarian Forint (Cleared OTC Equivalents)</u>				<u>2,000</u>			<u>6,000</u>	<u>NA</u>	

<u>U.S Dollar/Israeli Shekel</u> (Cleared OTC Equivalents)			<u>2,000</u>		<u>6,000</u>	<u>NA</u>	
<u>U.S Dollar/Turkish Lira</u> (Cleared OTC Equivalents)			<u>2,000</u>		<u>6,000</u>	<u>NA</u>	
<u>U.S. Dollar/Danish Krone</u> (Cleared OTC Equivalents)****					<u>6,000</u>	<u>NA</u>	
<u>Euro/British Pounds</u> (Cleared OTC Equivalents)					<u>6,000</u>	<u>NA</u>	
<u>Euro/Japanese Yen</u> (Cleared OTC Equivalents)					<u>6,000</u>	<u>NA</u>	
<u>Euro/Swiss Franc</u> (Cleared OTC Equivalents)					<u>6,000</u>	<u>NA</u>	
<u>Canadian Dollar/Japanese Yen</u> (Cleared OTC Equivalents)					<u>6,000</u>	<u>NA</u>	
<u>Euro/ Australian Dollar</u> (Cleared OTC Equivalents)					<u>6,000</u>	<u>NA</u>	
<u>Australian Dollar/Japanese Yen</u> (Cleared OTC Equivalents)					<u>6,000</u>	<u>NA</u>	
<u>U.S. Dollar/Hong Kong Dollar (Cleared OTC Equivalents)****</u>					<u>6,000</u>	<u>NA</u>	
<u>U.S. Dollar/Singapore Dollar (Cleared OTC Equivalents)****</u>			<u>5,000</u>		<u>6,000</u>	<u>NA</u>	
<u>U.S. Dollar/Thailand Baht</u> (Cleared OTC Equivalents)****			<u>2,000</u>		<u>6,000</u>	<u>NA</u>	
<u>U.S. Dollar/Colombian Peso (Cleared OTC Equivalents)****</u>			20,000		6,000	NA	
<u>U.S. Dollar/Peruvian Nuevo Sol (Cleared OTC Equivalents)****</u>			<u>20,000</u>		<u>6,000</u>	<u>NA</u>	
<u>U.S. Dollar/Argentine Peso (Cleared OTC Equivalents)</u>			20,000		6,000	NA	
<u>U.S. Dollar/Korean Won</u> (Cleared OTC Equivalents)			20,000 <u>2,000</u>		6,000	NA	
<u>U.S. Dollar/Indian Rupee</u> (Cleared OTC Equivalents)****			20,000		6,000	NA	
<u>U.S. Dollar/Malaysian Ringgit (Cleared OTC Equivalents)****</u>			20,000		6,000	NA	
<u>U.S. Dollar/Indonesian Rupiah (Cleared OTC Equivalents)****</u>			20,000		6,000	NA	
<u>U.S. Dollar/Taiwan Dollar</u> (Cleared OTC Equivalents)****			20,000		6,000	NA	
<u>U.S. Dollar/Philippines Peso (Cleared OTC Equivalents)****</u>			20,000		6,000	NA	
<u>Chinese Renminbi/Euro FX</u>	Y		2,000		6,000	25	25

\*\*\*\*For purposes of Position Accountability and Position Limits, notional value in the cleared only product will be converted to contract units, whereby, notional 100,000 U.S. dollars will equal one contract equivalent. Spot month position limits will be calculated based upon contract equivalents for cleared transactions which are settled in the spot period between the second and third Wednesdays (inclusive) during the months of March, June, September and December.

## Appendix 3

[Below shows clean text that will be implemented in CME Rulebook on December 19, 2011.]

### Chapter 300 CME WM/Reuters OTC Spot, Forward and Swap Contracts

#### 300.00. SCOPE OF CHAPTER

This chapter is limited in application to CME WM/Reuters OTC Spot, Forward, and Swap Contracts ("CME WMR Contracts"), based on specified currency pairs, cash-settled by reference to WM/Reuters Closing Spot Rates ("WMR Rates")<sup>2</sup>. Parties to transactions in CME WMR Contracts shall be limited to "eligible contract participants" as defined in Section 1a(12) of the Commodity Exchange Act.

Transactions in CME WMR Contracts shall also be subject to the general rules of the Exchange insofar as applicable. The clearing and settlement of transactions in CME WMR Contracts shall also be subject to the provisions of Chapter 8-F of the CME Rulebook (Over-the-Counter Derivative Clearing).

#### 300.01. CONTRACT SPECIFICATIONS

##### 300.01.A. Contract Summary

CME WMR Contracts shall be based upon specified currency pairings as cataloged in the Appendix to this Chapter.

The Unit of Trading and Clearing shall be specified in terms of the "clearing-unit currency." CME WMR Contracts shall be based on a Unit of Clearing to a Precision as specified in the Appendix to this Chapter. The minimum price fluctuation shall be specified in terms of the "minimum-fluctuation currency." CME WMR contracts shall be quoted in minimum price fluctuations as specified in the Appendix to this Chapter.

For purposes of Position Accountability and the application of Position Limits, per Rule 300.01.E, each CME WMR Contract shall be deemed to be the notional value contract equivalent as specified in the Appendix to this Chapter. The levels of Position Accountability and Position Limits, as applicable, are further specified in the Appendix to this Chapter.

##### 300.01.B. Hours for Trading and Clearing Entry

The Exchange shall determine the hours during which CME WMR Contracts may be traded and submitted to the Clearing House.

##### 300.01.C. Valid Value Dates for Cash Settlement

CME WMR Contracts shall be cash settled for any valid value date mutually agreed to by buyer and seller, and accepted by the Exchange for the applicable currency pair as a valid value date(s) for cash settlement and clearing. In general, for any currency pair, a valid value date shall be any business day that is a banking business day in the countries of issue for both currencies.

##### 300.01.D. Delivery Price and Delivery Value

Delivery for CME WMR Contracts assigned pursuant to Chapter 300 shall be by cash settlement according to Rule 300.02.

##### 300.01.E. Position Limits and Position Accountability

1. Authority - Position Limits and Position Accountability may be applicable, as defined by Rule 560, and as per the following.
2. Aggregation - For purposes of this Rule, where applicable:
  - futures,

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<sup>2</sup> The WM/Reuters Closing Spot Rates are provided by The World Markets Company PLC (WM) in conjunction with Reuters and are used for certain currencies (the "Rates") displayed herein. WM and Reuters shall not be liable for any errors in or delays in providing or making available the WM/Reuters Closing Spot Rates, nor for any actions taken in reliance on the same. The Rates can not be used, reproduced, distributed, redistributed, licensed or disclosed in any way without a written agreement with WM.

- options on futures,
  - E-mini futures,
  - E-micro futures,
  - spot, forward and swaps (combinations of spot and forwards or two maturity forwards), including but not limited to CME WMR Contracts,
  - options on spot and forwards, including but not limited to CME WMR Contracts; and
  - in addition, where applicable, the analogous reciprocal versions of the aforementioned contracts for the respective foreign exchange pairs, shall be aggregated with all products utilizing that foreign exchange (FX) pair regardless of quoting conventions. The baseline for this aggregation shall be the denomination of the underlying full-size CME futures contract. Contract equivalents shall be determined through the conversion of the notional value (or contract size times the number of contracts in standardized products) to the CME base currency using the prior day's Regular Trading Hours (RTH) settlement, and dividing the result by the contract size or notional of the full-size CME futures contract.
3. Contract Equivalent - For purposes of this Rule, each CME WMR Contract shall be deemed to be the notional value contract equivalent as specified in the Appendix to this Chapter.
4. Position Accountability - A participant owning or controlling more than the aggregated equivalent of the number of contracts specified in the Appendix to this Chapter, net long or net short, shall provide, in a timely fashion, upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable.
5. Spot Position Limit - A participant shall not own or control more than the equivalent of the number of contracts specified in the Appendix to this Chapter which are settled in the spot period between the second and third Wednesdays (inclusive) during the months of March, June, September and December.
6. Single Expiration Position Limit - A participant shall not own or control more than the equivalent of the number of contracts specified in the Appendix to this Chapter that expire on the same date.
7. Aggregate Position Limit - A participant shall not own or control more than the equivalent of the number of contracts specified in the Appendix to this Chapter, net long or net short, in all expiration dates combined.
8. Exemptions - The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 559.

#### **300.01.F.Last Day of Trading**

The last day on which a transaction in a CME WMR Contract may be traded, in respect of a specified cash settlement date, shall be one (1) valid business day prior to the cash settlement date.

#### **300.01.G. Liquidation and Delivery Standards**

(1) At Maturity. After clearing of CME WMR Contracts in respect of a specified cash settlement date has ceased, in accordance with Rule 300.01.G. of this chapter, outstanding contracts for such cash settlement date shall be liquidated by cash settlement through procedures as prescribed in Rule 300.02 and in a manner prescribed by the Clearing House.

(2) Prior to Maturity. Standard offsets of futures and options on futures shall not apply to positions in CME WMR Contracts. Prior to the Cash Settlement Date, positions may be closed out upon the request of the clearing firm to the Clearing House, and in the manner prescribed by the Clearing House.

#### **300.01.H. Contract Modifications**

Specifications shall be fixed as of the first day of trading of a contract, except that all deliveries must conform to government regulations in force at the time of delivery. If any national or international government agency or body issues an order, ruling, directive or law that conflicts with the requirements of these rules, such order, ruling, directive or law shall be construed to take precedence and become part of these rules and all open and new contracts shall be subject to such government orders.

### **300.02. CASH SETTLEMENT**

#### **300.02.A. Day of Cash Settlement**

Each CME WMR Contract, for a valid value date for cash settlement in one business day, shall be liquidated by cash settlement at a price equal to the daily Final Settlement Price for that day. The daily Final Settlement Price shall be equal to the WM/Reuters Closing Spot Rate for that day for the specific currency pair in question, rounded to the nearest integral multiple of the minimum price increment as identified per the Appendix to this Chapter.

For select currency pairs as indicated in asterisked footnotes in the Appendix to this Chapter, the Final Settlement Price shall be calculated using appropriate WM/Reuters Closing Spot Rates for component currency pairs, and the result shall be rounded to the nearest integral multiple of the minimum price increments (also, "minimum price fluctuations") as identified per the Appendix to this Chapter. For example, the Australian dollar / Japanese yen (AUD/JPY) Final Settlement Price shall be calculated by

multiplying the Australian dollar (AUD) / U.S. dollar (USD) Final Settlement Price in units of USD per AUD by the U.S. dollar (USD) / Japanese yen (JPY) Final Settlement Price in units of JPY per USD and rounding the result to six (6) decimal places.

All open positions for that valid value date for cash settlement will be cash settled in the minimum fluctuation currency based upon the difference between the Final Settlement Price for the valid value date for cash settlement and the original trade price as submitted for clearing, times the notional value of the transaction in the clearing unit currency. In select cases as noted in asterisked footnotes in the Appendix to Chapter 300, the resulting minimum fluctuation currency amount at final settlement shall be converted into the Unit of Trading and Clearing Currency by dividing by the Final Settlement Prices.

In the event, this final payment amount is positive, then the Clearing House shall debit the seller's clearing member account and credit the buyer's clearing member account for this final payment amount. In the event, this final payment amount is negative, then the Clearing House shall debit the buyer's clearing member account and credit the seller's clearing member account for this final payment amount.

### 300.02.B. Procedures If No Cash Settlement Price is Available

In the event that the Final Settlement Price for a valid value date for cash settlement cannot be published on a given day by WM/Reuters, and in order to minimize basis risk, the Final Settlement Price shall be determined as the next available WM/Reuters Closing Spot Rate for the specific currency pair in question.

### 300.02.C. Amendments to Timings

The Exchange may amend the timings of notifications, deliveries, and transfers under this Rule 300.02 to reflect as appropriate the adoption of daylight savings time in the relevant countries of delivery.

### 300.03. DISPUTES

All disputes between interested parties may be settled by arbitration as provided in the Rules.

(End Chapter 300)

## Appendix to Chapter 300: Contract Specifications

Currency Pairing	Unit of Trading and Clearing	Precision	Minimum Price Fluctuation	Contract Equivalent	Position Account-ability	Spot Month Position Limit	Single Month Position Limit	All Months Combined Position Limit
GBP/USD	1 GBP	0.01 GBP	0.000001 USD/GBP	62,500 GBP	10,000	Na	Na	Na
USD/CAD	1 USD	0.01 USD	0.000001 CAD/USD	100,000 CAD	6,000	Na	Na	Na
USD/JPY	1 USD	0.01 USD	0.0001 JPY/USD	12,500,000 JPY	10,000	Na	Na	Na
USD/CHF**	1 USD	0.01 USD	0.000001 CHF/USD*	125,000 CHF	10,000	Na	Na	Na
AUD/USD	1 AUD	0.01 AUD	0.000001 USD/AUD	100,000 AUD	6,000	Na	Na	Na
USD/MXN	1 USD	0.01 USD	0.000001 MXN/USD*	500,000 MXN	6,000	20,000	Na	Na
NZD/USD	1 NZD	0.01 NZD	0.000001 USD/NZD	100,000 NZD	6,000	Na	Na	Na
USD/ZAR	1 USD	0.01 USD	0.000001 ZAR/USD*	500,000 ZAR	6,000	5,000	Na	Na
EUR/USD	1 EUR	0.01 EUR	0.000001 USD/EUR	125,000 EUR	10,000	Na	Na	Na
USD/NOK**	1 USD	0.01 USD	0.000001 NOK/USD*	2,000,000 NOK	6,000	Na	Na	Na
USD/SEK**	1 USD	0.01 USD	0.000001 SEK/USD*	2,000,000 SEK	6,000	Na	Na	Na
USD/CZK**	1 USD	0.01 USD	0.000001 CZK/USD*	4,000,000 CZK	6,000	2,000	Na	Na
USD/HUF**	1 USD	0.01 USD	0.0001 HUF/USD*	30,000,000 HUF	6,000	2,000	Na	Na
USD/PLN**	1 USD	0.01 USD	0.000001 PLN/USD*	500,000 PLN	6,000	2,000	Na	Na
USD/ILS	1 USD	0.01 USD	0.000001 ILS/USD*	1,000,000 ILS	6,000	2,000	Na	Na

USD/TRY	1 USD	0.01 USD	0.000001 TRY/USD*	200,000 USD	6,000	2,000	Na	Na
USD/DKK**	1 USD	0.01 USD	0.000001 DKK/USD*	100,000 USD	6,000	Na	Na	Na
EUR/GBP**	1 EUR	0.01 EUR	0.0000001 GBP/EUR	125,000 EUR	6,000	Na	Na	Na
EUR/JPY**	1 EUR	0.01 EUR	0.0001 JPY/EUR	125,000 EUR	6,000	Na	Na	Na
EUR/CHF	1 EUR	0.01 EUR	0.0000001 CHF/EUR*	125,000 EUR	6,000	Na	Na	Na
AUD/JPY**	1 AUD	0.01 AUD	0.000001 JPY/AUD	200,000 AUD	6,000	Na	Na	Na
CAD/JPY**	1 CAD	0.01 CAD	0.00001 JPY/CAD	200,000 CAD	6,000	Na	Na	Na
EUR/AUD**	1 EUR	0.01 EUR	0.000001 AUD/EUR*	125,000 EUR	6,000	Na	Na	Na
USD/HKD	1 USD	0.01 USD	0.000001 HKD/USD*	100,000 USD	6,000	Na	Na	Na
USD/SGD	1 USD	0.01 USD	0.000001 SGD/USD*	100,000 USD	6,000	5,000	Na	Na
USD/THB	1 USD	0.01 USD	0.0001 THB/USD*	100,000 USD	6,000	2,000	Na	Na

\*As specified in CME Rule 300.02.A., the minimum fluctuation currency amount at final settlement, shall be converted into the Unit of Trading and Clearing Currency by dividing by the Final Settlement Price. This provision minimizes the number of currency accounts required to participate in centralized clearing of OTC cash settlement forwards.

\*\*As specified in CME Rule 300.02.A. for select currency pairs and as indicated in the Appendix to this Chapter above, the Final Settlement Price shall be calculated using appropriate WM/Reuters Closing Spot Rates for component currency pairs, and the result shall be rounded to the nearest integral multiple of the minimum price increments (also, "minimum price fluctuations") identified for that select currency pair in the Appendix to this Chapter above.

#### NOTES

AUD	=	Australian dollar
CAD	=	Canadian dollar
CHF	=	Swiss franc
CZK	=	Czech koruna
DKK	=	Danish krone
EUR	=	Euro
GBP	=	British pound
HKD	=	Hong Kong dollar
HUF	=	Hungarian forint
ILS	=	Israeli shekel
JPY	=	Japanese yen
MXN	=	Mexican peso
NOK	=	Norwegian krone
NZD	=	New Zealand dollar
PLN	=	Polish zloty
SEK	=	Swedish krona
SGD	=	Singapore dollar
THB	=	Thailand baht
TRY	=	Turkish lira
USD	=	U.S. dollar
ZAR	=	South African Rand

## Appendix 4

[Marked text shows changes to Chapter 300. against text originally included in CME Submission 11-360.]

### Chapter 300 CME WM/Reuters OTC Spot, Forward and Swap Contracts

#### 300.00. SCOPE OF CHAPTER

This chapter is limited in application to CME WM/Reuters OTC Spot, Forward, and Swap Contracts ("CME WMR Contracts"), based on specified currency pairs, cash-settled by reference to WM/Reuters Closing Spot Rates ("WMR Rates")<sup>3</sup>. Parties to transactions in CME WMR Contracts shall be limited to "eligible contract participants" as defined in Section 1a(12) of the Commodity Exchange Act.

Transactions in CME WMR Contracts shall also be subject to the general rules of the Exchange insofar as applicable. The clearing and settlement of transactions in CME WMR Contracts shall also be subject to the provisions of Chapter 8-F of the CME Rulebook (Over-the-Counter Derivative Clearing).

#### 300.01. CONTRACT SPECIFICATIONS

##### 300.01.A. Contract Summary

CME WMR Contracts shall be based upon specified currency pairings as cataloged in the Appendix to this Chapter.

The Unit of Trading and Clearing shall be specified in terms of the "clearing-unit currency." CME WMR Contracts shall be based on a Unit of Clearing to a Precision as specified in the Appendix to this Chapter. The minimum price fluctuation shall be specified in terms of the "minimum-fluctuation currency." CME WMR contracts shall be quoted in minimum price fluctuations as specified in the Appendix to this Chapter.

For purposes of Position Accountability and the application of Position Limits, per Rule 300.01.E, each CME WMR Contract shall be deemed to be the notional value contract equivalent as specified in the Appendix to this Chapter. The levels of Position Accountability and Position Limits, as applicable, are further specified in the Appendix to this Chapter.

##### 300.01.B. Hours for Trading and Clearing Entry

The Exchange shall determine the hours during which CME WMR Contracts may be traded and submitted to the Clearing House.

##### 300.01.C. Valid Value Dates for Cash Settlement

CME WMR Contracts shall be cash settled for any valid value date mutually agreed to by buyer and seller, and accepted by the Exchange for the applicable currency pair as a valid value date(s) for cash settlement and clearing. In general, for any currency pair, a valid value date shall be any business day that is a banking business day in the countries of issue for both currencies.

##### 300.01.D. Delivery Price and Delivery Value

Delivery for CME WMR Contracts assigned pursuant to Chapter 300 shall be by cash settlement according to Rule 300.02.

##### 300.01.E. Position Limits and Position Accountability

9. Authority - Position Limits and Position Accountability may be applicable, as defined by Rule 560, and as per the following.
10. Aggregation - For purposes of this Rule, where applicable:
  - futures,

<sup>3</sup> The WM/Reuters Closing Spot Rates are provided by The World Markets Company PLC (WM) in conjunction with Reuters and are used for certain currencies (the "Rates") displayed herein. WM and Reuters shall not be liable for any errors in or delays in providing or making available the WM/Reuters Closing Spot Rates, nor for any actions taken in reliance on the same. The Rates can not be used, reproduced, distributed, redistributed, licensed or disclosed in any way without a written agreement with WM.

- options on futures,
  - E-mini futures,
  - E-micro futures,
  - spot, forward and swaps (combinations of spot and forwards or two maturity forwards), including but not limited to CME WMR Contracts,
  - options on spot and forwards, including but not limited to CME WMR Contracts; and
  - in addition, where applicable, the analogous reciprocal versions of the aforementioned contracts for the respective foreign exchange pairs, shall be aggregated with all products utilizing that foreign exchange (FX) pair regardless of quoting conventions. The baseline for this aggregation shall be the denomination of the underlying full-size CME futures contract. Contract equivalents shall be determined through the conversion of the notional value (or contract size times the number of contracts in standardized products) to the CME base currency using the prior day's Regular Trading Hours (RTH) settlement, and dividing the result by the contract size or notional of the full-size CME futures contract.
11. Contract Equivalent - For purposes of this Rule, each CME WMR Contract shall be deemed to be the notional value contract equivalent as specified in the Appendix to this Chapter.
12. Position Accountability - A participant owning or controlling more than the aggregated equivalent of the number of contracts specified in the Appendix to this Chapter, net long or net short, shall provide, in a timely fashion, upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable.
13. Spot Position Limit - A participant shall not own or control more than the equivalent of the number of contracts specified in the Appendix to this Chapter which are settled in the spot period between the second and third Wednesdays (inclusive) during the months of March, June, September and December.
14. Single Expiration Position Limit - A participant shall not own or control more than the equivalent of the number of contracts specified in the Appendix to this Chapter that expire on the same date.
15. Aggregate Position Limit - A participant shall not own or control more than the equivalent of the number of contracts specified in the Appendix to this Chapter, net long or net short, in all expiration dates combined.
16. Exemptions - The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 559.

### **300.01.F. Last Day of Trading**

The last day on which a transaction in a CME WMR Contract may be traded, in respect of a specified cash settlement date, shall be one (1) valid business day prior to the cash settlement date.

### **300.01.G. Liquidation and Delivery Standards**

(1) At Maturity. After clearing of CME WMR Contracts in respect of a specified cash settlement date has ceased, in accordance with Rule 300.01.G. of this chapter, outstanding contracts for such cash settlement date shall be liquidated by cash settlement through procedures as prescribed in Rule 300.02 and in a manner prescribed by the Clearing House.

(2) Prior to Maturity. Standard offsets of futures and options on futures shall not apply to positions in CME WMR Contracts. Prior to the Cash Settlement Date, positions may be closed out upon the request of the clearing firm to the Clearing House, and in the manner prescribed by the Clearing House.

### **300.01.H. Contract Modifications**

Specifications shall be fixed as of the first day of trading of a contract, except that all deliveries must conform to government regulations in force at the time of delivery. If any national or international government agency or body issues an order, ruling, directive or law that conflicts with the requirements of these rules, such order, ruling, directive or law shall be construed to take precedence and become part of these rules and all open and new contracts shall be subject to such government orders.

## **300.02. CASH SETTLEMENT**

### **300.02.A. Day of Cash Settlement**

Each CME WMR Contract, for a valid value date for cash settlement in one business day, shall be liquidated by cash settlement at a price equal to the daily Final Settlement Price for that day. The daily Final Settlement Price shall be equal to the WM/Reuters Closing Spot Rate for that day for the specific currency pair in question, rounded to the nearest integral multiple of the minimum price increment as identified per the Appendix to this Chapter.

For select currency pairs as indicated in asterisked footnotes in the Appendix to this Chapter, the Final Settlement Price shall be calculated using appropriate WM/Reuters Closing Spot Rates for component currency pairs, and the result shall be rounded to the nearest integral multiple of the minimum price increments (also, "minimum price fluctuations") as identified per the Appendix to this Chapter. For example, the Australian dollar / Japanese yen (AUD/JPY) Final Settlement Price shall be calculated by



multiplying the Australian dollar (AUD) / U.S. dollar (USD) Final Settlement Price in units of USD per AUD by the U.S. dollar (USD) / Japanese yen (JPY) Final Settlement Price in units of JPY per USD and rounding the result to six (6) decimal places.

All open positions for that valid value date for cash settlement will be cash settled in the minimum fluctuation currency based upon the difference between the Final Settlement Price for the valid value date for cash settlement and the original trade price as submitted for clearing, times the notional value of the transaction in the clearing unit currency. In select cases as noted in asterisked footnotes in the Appendix to Chapter 300, the resulting minimum fluctuation currency amount at final settlement shall be converted into the Unit of Trading and Clearing Currency by dividing by the Final Settlement Prices.

In the event, this final payment amount is positive, then the Clearing House shall debit the seller's clearing member account and credit the buyer's clearing member account for this final payment amount. In the event, this final payment amount is negative, then the Clearing House shall debit the buyer's clearing member account and credit the seller's clearing member account for this final payment amount.

**300.02.B. Procedures if No Cash Settlement Price is Available**

In the event that the Final Settlement Price for a valid value date for cash settlement cannot be published on a given day by WM/Reuters, and in order to minimize basis risk, the Final Settlement Price shall be determined as the next available WM/Reuters Closing Spot Rate for the specific currency pair in question.

**300.02.C. Amendments to Timings**

The Exchange may amend the timings of notifications, deliveries, and transfers under this Rule 300.02 to reflect as appropriate the adoption of daylight savings time in the relevant countries of delivery.

**300.03. DISPUTES**

All disputes between interested parties may be settled by arbitration as provided in the Rules.

(End Chapter 300)

**Appendix to Chapter 300: Contract Specifications**

Currency Pairing	Unit of Trading and Clearing	Precision	Minimum Price Fluctuation	Contract Equivalent	Position Account-ability	Spot Month Position Limit	Single Month Position Limit	All Months Combined Position Limit
GBP/USD	1 GBP	0.01 GBP	0.000001 USD/GBP	62,500 GBP	10,000	Na	Na	Na
USD/CAD	1 USD	0.01 USD	0.000001 CAD/USD	100,000 USD/CAD	6,000	Na	Na	Na
USD/JPY	1 USD	0.01 USD	0.0001 JPY/USD	100,000 USD/125,000 JPY	10,000	Na	Na	Na
USD/CHF**	1 USD	0.01 USD	0.000001 CHF/USD*	100,000 USD/125,000 CHF	10,000	Na	Na	Na
AUD/USD	1 AUD	0.01 AUD	0.000001 USD/AUD	100,000 AUD	6,000	Na	Na	Na
USD/MXN	1 USD	0.01 USD	0.000001 MXN/USD*	100,000 USD/500,000 MXN	6,000	20,000	Na	Na
NZD/USD	1 NZD	0.01 NZD	0.000001 USD/NZD	100,000 NZD	6,000	Na	Na	Na
USD/ZAR	1 USD	0.01 USD	0.000001 ZAR/USD*	100,000 USD/500,000 ZAR	6,000	5,000	Na	Na
EUR/USD	1 EUR	0.01 EUR	0.000001 USD/EUR	125,000 EUR	10,000	Na	Na	Na
USD/NOK**	1 USD	0.01 USD	0.000001 NOK/USD*	100,000 USD/2,000,000 NOK	6,000	Na	Na	Na
USD/SEK**	1 USD	0.01 USD	0.000001 SEK/USD*	100,000 USD/2,000,000 SEK	6,000	Na	Na	Na
USD/CZK**	1 USD	0.01 USD	0.000001 CZK/USD*	100,000 USD/4,000,000 CZK	6,000	2,000	Na	Na

USD/HUF**	1 USD	0.01 USD	0.0001 HUF/USD*	<del>400,000</del> USD30,000,000 HUF	6,000	2,000	Na	Na
USD/PLN**	1 USD	0.01 USD	0.000001 PLN/USD*	<del>400,000</del> USD500,000 PLN	6,000	2,000	Na	Na
USD/ILS	1 USD	0.01 USD	0.000001 ILS/USD*	<del>400,000</del> USD1,000,000 ILS	6,000	2,000	Na	Na
USD/TRY	1 USD	0.01 USD	0.000001 TRY/USD*	4200,000 USD	6,000	2,000	Na	Na
USD/DKK**	1 USD	0.01 USD	0.000001 DKK/USD*	100,000 USD	6,000	Na	Na	Na
EUR/GBP**	1 EUR	0.01 EUR	0.000001 GBP/EUR	125,000 EUR	6,000	Na	Na	Na
EUR/JPY**	1 EUR	0.01 EUR	0.0001 JPY/EUR	125,000 EUR	6,000	Na	Na	Na
EUR/CHF	1 EUR	0.01 EUR	0.000001 CHF/EUR*	125,000 EUR	6,000	Na	Na	Na
AUD/JPY**	1 AUD	0.01 AUD	0.000001 JPY/AUD	4200,000 AUD	6,000	Na	Na	Na
CAD/JPY**	1 CAD	0.01 CAD	0.00001 JPY/CAD	4200,000 CAD	6,000	Na	Na	Na
EUR/AUD**	1 EUR	0.01 EUR	0.000001 AUD/EUR*	125,000 EUR	6,000	Na	Na	Na
USD/HKD	1 USD	0.01 USD	0.000001 HKD/USD*	100,000 USD	6,000	Na	Na	Na
USD/SGD	1 USD	0.01 USD	0.000001 SGD/USD*	100,000 USD	6,000	5,000	Na	Na
USD/THB	1 USD	0.01 USD	0.0001 THB/USD*	100,000 USD	6,000	2,000	Na	Na

\*As specified in CME Rule 300.02.A., the minimum fluctuation currency amount at final settlement, shall be converted into the Unit of Trading and Clearing Currency by dividing by the Final Settlement Price. This provision minimizes the number of currency accounts required to participate in centralized clearing of OTC cash settlement forwards.

\*\*As specified in CME Rule 300.02.A. for select currency pairs and as indicated in the Appendix to this Chapter above, the Final Settlement Price shall be calculated using appropriate WM/Reuters Closing Spot Rates for component currency pairs, and the result shall be rounded to the nearest integral multiple of the minimum price increments (also, "minimum price fluctuations") identified for that select currency pair in the Appendix to this Chapter above.

#### NOTES

AUD = Australian dollar  
CAD = Canadian dollar  
CHF = Swiss franc  
CZK = Czech koruna  
DKK = Danish krone  
EUR = Euro  
GBP = British pound  
HKD = Hong Kong dollar  
HUF = Hungarian forint  
ILS = Israeli shekel  
JPY = Japanese yen  
MXN = Mexican peso  
NOK = Norwegian krone  
NZD = New Zealand dollar  
PLN = Polish zloty  
SEK = Swedish krona  
SGD = Singapore dollar  
THB = Thailand baht  
TRY = Turkish lira  
USD = U.S. dollar  
ZAR = South African Rand

## Appendix 5

[Below shows clean text that will be implemented in CME Rulebook on December 19, 2011.]

### Chapter 277H

#### Cleared OTC U.S. Dollar/ Peruvian Nuevo Sol (USD/PEN) Spot, Forwards and Swaps

##### 277H.00. SCOPE OF CHAPTER

This chapter is limited in application to U.S. Dollar/Peruvian Nuevo Sol Spot, Forwards, and Swaps that are executed between two counterparties on an Over-the-Counter ("OTC") basis and subsequently novated to the CME Clearing House for purposes of clearance ("Cleared OTC Contracts"). Parties to transactions in Cleared OTC Contracts shall be limited to "eligible contract participants" as defined in Section 1a(12) of the Commodity Exchange Act. Cleared OTC Contracts are listed by CME for clearing-only. Transactions in Cleared OTC Contracts shall also be subject to the general rules of the Exchange insofar as applicable. The clearing and settlement of transactions in Cleared OTC Contracts shall also be subject to the provisions of Chapter 8-F of the CME Rulebook (Over-the-Counter Derivative Clearing). For purposes of these Rules, the minimum-fluctuations currency is the Peruvian Nuevo sol and the clearing-unit currency is the U.S. dollar.

##### 277H.01. CONTRACT SPECIFICATIONS

###### 277H.01.A. Unit of Clearing

The unit of clearing shall be 1 U.S. Dollar in any amount down to a precision of 0.01 U.S. Dollar.

###### 277H.01.B. Hours for Clearing Entry

The Exchange shall determine the hours during which Cleared OTC Contracts may be submitted to the Clearing House. Positions shall be initiated or closed out using off-exchange transactions.

###### 277H.01.C. Minimum Price Increments

Minimum price fluctuations shall be in multiples of 0.000001 Peruvian Nuevo sol per U.S. Dollar for transactions in Cleared OTC Contracts.

###### 277H.01.D. Valid Value Dates for Cash Settlement

Cleared OTC Contracts shall be cash settled for any valid value date(s) mutually agreed to by buyer and seller, and accepted by the Exchange for the applicable currency pair as a valid value date(s) for cash settlement and clearing. In general, for any currency pair, a valid value date shall be any business day that is a banking business day in the countries of issue for both currencies.

###### 277H.01.E. Delivery Price and Delivery Value

Delivery for the Cleared OTC Contracts assigned pursuant to Chapter 277H shall be by cash settlement according to Rule 277H.02.

###### 277H.01.F. Position Limits and Position Accountability

1. Authority - Position Limits and Position Accountability may be applicable, as defined by Rule 560, and as per the following.
2. Aggregation - For purposes of this Rule, where applicable:
  - futures,
  - options on futures,
  - E-mini futures,
  - E-micro futures,
  - cleared only spot, forward and swaps (combinations of spot and forwards or two maturity forwards),

- cleared only options on spot and forwards; and
  - in addition, where applicable, the analogous reciprocal versions of the aforementioned contracts for the respective foreign exchange pairs, shall be aggregated with all products utilizing that foreign exchange (FX) pair regardless of quoting conventions. The baseline for this aggregation shall be the denomination of the underlying full-size CME futures contract. Contract equivalents shall be determined through the conversion of the notional value (or contract size times the number of contracts in standardized products) to the CME base currency using the prior day's Regular Trading Hours (RTH) settlement, and dividing the result by the contract size or notional of the full-size CME futures contract.
3. Contract Equivalent - For purposes of this Rule, a contract shall be deemed to be the equivalent of 100,000 U.S. dollars in notional value.
  4. Position Accountability - A participant owning or controlling more than the aggregated equivalent of 6,000 contracts, or 600,000,000 U.S. dollars in notional value, net long or net short, shall provide, in a timely fashion, upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable.
  5. Spot Position Limit - A participant shall not own or control more than 20,000 net contract equivalents (USD 100,000 notional per synthetic contract) which are settled in the spot period between the second and third Wednesdays (inclusive) during the months of March, June, September and December.
  6. Exemptions - The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 559.
  7. Reserved

#### **277H.01.G. Last Day of Clearing**

The last day on which a Cleared OTC Contract may be submitted for clearing in respect of a specified cash settlement date shall be one valid business day prior to the cash settlement date.

#### **277H.01.H. Liquidation and Delivery Standards**

(1) At Maturity. After clearing of Cleared OTC Contracts in respect of a specified cash settlement date has ceased, in accordance with Rule 277H.01.G. of this chapter, outstanding contracts for such cash settlement date shall be liquidated by cash settlement through procedures as prescribed in Rule 277H.02 and in a manner prescribed by the Clearing House.

(2) Prior to Maturity. Standard offsets of futures and options on futures, if applicable, shall not apply to positions in Cleared OTC Contracts. Prior to the Cash Settlement Date, positions may be closed out upon the request of the clearing firm to the Clearing House, and in the manner prescribed by the Clearing House.

#### **277H.01.I. Contract Modifications**

Specifications shall be fixed as of the first day of clearing of a contract, except that all final settlements via cash settlement must conform to government regulations in force at the time of final settlement. If any national or international government agency or body issues an order, ruling, directive or law that conflicts with the requirements of these rules, such order, ruling, directive or law shall be construed to take precedence and become part of these rules and all open and new contracts shall be subject to such government orders.

### **277H.02. CASH SETTLEMENT**

#### **277H.02.A. Day of Cash Settlement**

Each Cleared OTC Contract, for the valid value date for cash settlement in two business days, shall be liquidated by cash settlement at a price equal to the daily Final Settlement Price (FSP) for that day. The daily Final Settlement Price shall be equal to the "PEN INTERBANK AVE (PEN05)," which is the "Peruvian Nuevo Sol per U.S. dollar" average exchange rate published by the Banco Central de Reserva del Peru (BCRP) as the "Tipo de Cambio Interbancario Promedio" at approximately 2:00 p.m. Lima time on Reuters "PEBCR05" page, rounded to six decimal places. This rate is used widely by the interbank foreign exchange market to cash settle non-deliverable forward contracts for Peruvian Nuevo sol versus U.S. dollars. All open positions for that valid value date for cash settlement will be cash settled in U.S. dollars based upon the difference between the Final Settlement Price for the valid value date for cash settlement and the original trade price as submitted for clearing times the notional value of the transaction in USDs divided by Final Settlement Price. In the event, this U.S. dollar amount is positive, then the Clearing House shall debit the seller's clearing member account and credit the buyer's clearing member account for

this amount in U.S. dollars. In the event, this U.S. dollar amount is negative, then the Clearing House shall debit the buyer's clearing member account and credit the seller's clearing member account for this amount in U.S. dollars.

For example, if the "PEN INTERBANK AVE (PEN05)," for the valid value date for cash settlement in two business days, is as follows: MMMMM, DD - YYYY is 2.739600 PEN per USD," and the original trade price submitted for clearing by clearing firms of the buyer and seller was 2.728156 PEN per USD for a notional amount of 100,000 USD, then the Clearing House on the business day following the valid value date for cash settlement shall credit the clearing members account for the buyer with US\$417.73 (*i.e.*,  $2.739600 \text{ PEN per USD} - 2.728156 \text{ PEN per USD} = +0.011444 \text{ PEN per USD} \times 100,000 \text{ USD} / 2.739600 \text{ PEN per USD} = \$417.73$ ). Similarly, the Clearing House on the business day following the valid value date for cash settlement shall debit the clearing member account for the seller with US\$417.73.

In the event that the "PEN INTERBANK AVE (PEN05)" Peruvian Nuevo sol per U.S. dollar rate is not published on a valid date for cash settlement, then Rule 701. – ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES shall be in effect.

**277H.02.B.** Reserved.

**277H.02.C.** Amendments to Timings

The Exchange may amend the timings of notifications, deliveries, and transfers under this Rule 277H.02 to reflect as appropriate the adoption of daylight savings time in the relevant countries of delivery.

**277H.03.** DISPUTES

All disputes between interested parties may be settled by arbitration as provided in the Rules.

## Appendix 6

[Marked text shows changes to Chapter 277H. against text originally included in CME Submission 11-360.]

### Chapter 277H Cleared OTC U.S. Dollar/ Peruvian Nuevo Sol (USD/PEN) Spot, Forwards and Swaps

#### 277H.00. SCOPE OF CHAPTER

This chapter is limited in application to U.S. Dollar/Peruvian Nuevo Sol Spot, Forwards, and Swaps that are executed between two counterparties on an Over-the-Counter ("OTC") basis and subsequently novated to the CME Clearing House for purposes of clearance ("Cleared OTC Contracts"). Parties to transactions in Cleared OTC Contracts shall be limited to "eligible contract participants" as defined in Section 1a(12) of the Commodity Exchange Act. Cleared OTC Contracts are listed by CME for clearing-only. Transactions in Cleared OTC Contracts shall also be subject to the general rules of the Exchange insofar as applicable. The clearing and settlement of transactions in Cleared OTC Contracts shall also be subject to the provisions of Chapter 8-F of the CME Rulebook (Over-the-Counter Derivative Clearing). For purposes of these Rules, the minimum-fluctuations currency is the Peruvian Nuevo sol and the clearing-unit currency is the U.S. dollar.

#### 277H.01. CONTRACT SPECIFICATIONS

##### 277H.01.A. Unit of Clearing

The unit of clearing shall be 1 U.S. Dollar in any amount down to a precision of 0.01 U.S. Dollar.

##### 277H.01.B. Hours for Clearing Entry

The Exchange shall determine the hours during which Cleared OTC Contracts may be submitted to the Clearing House. Positions shall be initiated or closed out using off-exchange transactions.

##### 277H.01.C. Minimum Price Increments

Minimum price fluctuations shall be in multiples of 0.000001 Peruvian Nuevo sol per U.S. Dollar for transactions in Cleared OTC Contracts.

##### 277H.01.D. Valid Value Dates for Cash Settlement

Cleared OTC Contracts shall be cash settled for any valid value date(s) mutually agreed to by buyer and seller, and accepted by the Exchange for the applicable currency pair as a valid value date(s) for cash settlement and clearing. In general, for any currency pair, a valid value date shall be any business day that is a banking business day in the countries of issue for both currencies.

##### 277H.01.E. Delivery Price and Delivery Value

Delivery for the Cleared OTC Contracts assigned pursuant to Chapter 277H shall be by cash settlement according to Rule 277H.02.

##### 277H.01.F. Position Limits and Position Accountability

6. Authority - Position Limits and Position Accountability may be applicable, as defined by Rule 560, and as per the following.
7. Aggregation - For purposes of this Rule, where applicable:
  - futures,
  - options on futures,
  - E-mini futures,
  - E-micro futures,
  - cleared only spot, forward and swaps (combinations of spot and forwards or two maturity forwards),
  - cleared only options on spot and forwards; and

• in addition, where applicable, the analogous reciprocal versions of the aforementioned contracts for the respective foreign exchange pairs, shall be aggregated with all products utilizing that foreign exchange (FX) pair regardless of quoting conventions. The baseline for this aggregation shall be the denomination of the underlying full-size CME futures contract. Contract equivalents shall be determined through the conversion of the notional value (or contract size times the number of contracts in standardized products) to the CME base currency using the prior day's Regular Trading Hours (RTH) settlement, and dividing the result by the contract size or notional of the full-size CME futures contract.

8. Contract Equivalent - For purposes of this Rule, a contract shall be deemed to be the equivalent of 100,000 U.S. dollars in notional value.

9. Position Accountability - A participant owning or controlling more than the aggregated equivalent of 6,000 contracts, or 600,000,000 U.S. dollars in notional value, net long or net short, shall provide, in a timely fashion, upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information if applicable.

10. Spot Position Limit - A participant shall not own or control more than 20,000 net contract equivalents (USD 100,000 notional per synthetic contract) which are settled in the spot period between the second and third Wednesdays (inclusive) during the months of March, June, September and December.

6. Exemptions - The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 559.

7. Reserved

#### **277H.01.G. Last Day of Clearing**

The last day on which a Cleared OTC Contract may be submitted for clearing in respect of a specified cash settlement date shall be one valid business day prior to the cash settlement date.

#### **277H.01.H. Liquidation and Delivery Standards**

(1) At Maturity. After clearing of Cleared OTC Contracts in respect of a specified cash settlement date has ceased, in accordance with Rule 277H.01.G. of this chapter, outstanding contracts for such cash settlement date shall be liquidated by cash settlement through procedures as prescribed in Rule 277H.02 and in a manner prescribed by the Clearing House.

(2) Prior to Maturity. Standard offsets of futures and options on futures, if applicable, shall not apply to positions in Cleared OTC Contracts. Prior to the Cash Settlement Date, positions may be closed out upon the request of the clearing firm to the Clearing House, and in the manner prescribed by the Clearing House.

#### **277H.01.I. Contract Modifications**

Specifications shall be fixed as of the first day of clearing of a contract, except that all final settlements via cash settlement must conform to government regulations in force at the time of final settlement. If any national or international government agency or body issues an order, ruling, directive or law that conflicts with the requirements of these rules, such order, ruling, directive or law shall be construed to take precedence and become part of these rules and all open and new contracts shall be subject to such government orders.

#### **277H.02. CASH SETTLEMENT**

##### **277H.02.A. Day of Cash Settlement**

Each Cleared OTC Contract, for the valid value date for cash settlement in two business days, shall be liquidated by cash settlement at a price equal to the daily Final Settlement Price (FSP) for that day. The daily Final Settlement Price shall be equal to the "PEN INTERBANK AVE (PEN05)," which is the "Peruvian Nuevo Sol per U.S. dollar" average exchange rate published by the Banco Central de Reserva del Peru (BCRP) as the "Tipo de Cambio Interbancario Promedio" at approximately 2:00 p.m. Lima time on Reuters "PEBCR05" page, rounded to four~~six~~ decimal places. This rate is used widely by the interbank foreign exchange market to cash settle non-deliverable forward contracts for Peruvian Nuevo sol versus U.S. dollars. All open positions for that valid value date for cash settlement will be cash settled in U.S. dollars based upon the difference between the Final Settlement Price for the valid value date for cash settlement and the original trade price as submitted for clearing times the notional value of the transaction in USDs divided by Final Settlement Price. In the event, this U.S. dollar amount is positive, then the Clearing House shall debit the seller's clearing member account and credit the buyer's clearing member account for

this amount in U.S. dollars. In the event, this U.S. dollar amount is negative, then the Clearing House shall debit the buyer's clearing member account and credit the seller's clearing member account for this amount in U.S. dollars.

For example, if the "PEN INTERBANK AVE (PEN05)," for the valid value date for cash settlement in two business days, is as follows: MMMMM, DD - YYYY is 2.739600 PEN per USD," and the original trade price submitted for clearing by clearing firms of the buyer and seller was 2.728156 PEN per USD for a notional amount of 100,000 USD, then the Clearing House on the business day following the valid value date for cash settlement shall credit the clearing members account for the buyer with US\$417.73 (*i.e.*,  $2.739600 \text{ PEN per USD} - 2.728156 \text{ PEN per USD} = (+0.011444 \text{ PEN per USD} \times 100,000 \text{ USD}) / 2.739600 \text{ PEN per USD} = \$417.73$ ). Similarly, the Clearing House on the business day following the valid value date for cash settlement shall debit the clearing member account for the seller with US\$417.73.

In the event that the "PEN INTERBANK AVE (PEN05)" Peruvian Nuevo sol per U.S. dollar rate is not published on a valid date for cash settlement, then Rule 701. – ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIAS shall be in effect.

**277H.02.B.** Reserved.

**277H.02.C.** Amendments to Timings

The Exchange may amend the timings of notifications, deliveries, and transfers under this Rule 277H.02 to reflect as appropriate the adoption of daylight savings time in the relevant countries of delivery.

**277H.03.** DISPUTES

All disputes between interested parties may be settled by arbitration as provided in the Rules.



## Appendix 7

[Marked text shows changes against existing CME rule text.]

### Chapter 257H Cleared OTC U.S. Dollar/ Brazilian Real (USD/BRL) Spot, Forwards and Swaps

[Rules 257H.00. through 257H.01 are unchanged.]

#### 257H.02. CASH SETTLEMENT

##### 257H.02.A. Day of Cash Settlement

Each Cleared OTC Contract, for a valid value date for cash settlement in one business day, shall be liquidated by cash settlement at a price equal to the daily Final Settlement Price for that day. The daily Final Settlement Price shall be determined as the reciprocal of the Final Settlement Price determined per the procedures set forth in Rule 25702.B., Cash Settlement, rounded to the nearest integral multiple of the minimum price increment as identified per Rule 257H.01.C., Minimum Price Increments.

All open positions for that valid value date for cash settlement will be cash settled in the minimum fluctuation currency based upon the difference between the Final Settlement Price for the valid value date for cash settlement and the original trade price as submitted for clearing, times the notional value of the transaction in the clearing unit currency, and divided by the Final Settlement Price for the valid value date for cash settlement.

In the event, this U.S. dollar amount is positive, then the Clearing House shall debit the seller's clearing member account and credit the buyer's clearing member account for this amount in U.S. dollars. In the event, this U.S. dollar amount is negative, then the Clearing House shall debit the buyer's clearing member account and credit the seller's clearing member account for this amount in U.S. dollars.

### Chapter 270H Cleared OTC U.S. Dollar/ Chinese Renminbi (USD/RMB) Spot, Forwards and Swaps

[Rules 270H.00. through 270H.01 are unchanged.]

#### 270H.02. CASH SETTLEMENT

##### 270H.02.A. Day of Cash Settlement

Each Cleared OTC Contract, for a valid value date for cash settlement in one business day, shall be liquidated by cash settlement at a price equal to the daily Final Settlement Price for that day. The daily Final Settlement Price shall be determined as the reciprocal of the Final Settlement Price determined per the procedures set forth in Rule 27002.B., Cash Settlement, rounded to the nearest integral multiple of the minimum price increment as identified per Rule 270H.01.C., Minimum Price Increments.

All open positions for that valid value date for cash settlement will be cash settled in the clearing-unit currency based upon the difference between the Final Settlement Price for the valid value date for cash settlement and the original trade price as submitted for clearing, times the notional value of the transaction in the clearing unit currency, and divided by the Final Settlement Price for the valid value date for cash settlement.

In the event, this U.S. dollar amount is positive, then the Clearing House shall debit the seller's clearing member account and credit the buyer's clearing member account for this amount in U.S. dollars. In the event, this U.S. dollar amount is negative, then the Clearing House shall debit the buyer's clearing member account and credit the seller's clearing member account for this amount in U.S. dollars.

**Chapter 260H**  
**Cleared OTC U.S. Dollar / Russian Ruble (USD/ RUB)**  
**Spot, Forwards and Swaps**

[Rules 260H.00. through 260H.01 are unchanged.]

**260H.02. CASH SETTLEMENT**

**260H.02.A. Day of Cash Settlement**

Each Cleared OTC Contract, for a valid value date for cash settlement in one business day, shall be liquidated by cash settlement at a price equal to the daily Final Settlement Price for that day. The daily Final Settlement Price shall be determined as the reciprocal of the Final Settlement Price per the procedures set forth in Rule 26002.B., Cash Settlement, rounded to the nearest integral multiple of the minimum price increment as identified per Rule 260H.01.C., Minimum Price Increments.

All open positions for that valid value date for cash settlement will be cash settled in the clearing-unit currency based upon the difference between the Final Settlement Price for the valid value date for cash settlement and the original trade price as submitted for clearing, times the notional value of the transaction in the clearing unit currency and divided by the Final Settlement Price for the valid value date for cash settlement.

In the event, this U.S. dollar amount is positive, then the Clearing House shall debit the seller's clearing member account and credit the buyer's clearing member account for this amount in U.S. dollars. In the event, this U.S. dollar amount is negative, then the Clearing House shall debit the buyer's clearing member account and credit the seller's clearing member account for this amount in U.S. dollars.

**Chapter 271H**  
**Cleared OTC U.S. Dollar/Korean Won (USD/ KRW)**  
**Spot, Forwards and Swaps**

[Rules 271H.00. through 271H.01 are unchanged.]

**271H.02. CASH SETTLEMENT**

**271H.02.A. Day of Cash Settlement**

Each Cleared OTC Contract, for a valid value date for cash settlement in one business day, shall be liquidated by cash settlement at a price equal to the daily Final Settlement Price for that day. The daily Final Settlement Price shall be determined as the reciprocal of the Final Settlement Price per the procedures set forth in Rule 27102.B., Cash Settlement, rounded to the nearest integral multiple of the minimum price increment as identified per Rule 271H.01.C., Minimum Price Increments.

All open positions for that valid value date for cash settlement will be cash settled in the clearing-unit currency based upon the difference between the Final Settlement Price for the valid value date for cash settlement and the original trade price as submitted for clearing, times the notional value of the transaction in the clearing unit currency and divided by the Final Settlement Price for the valid value date for cash settlement.

In the event, this U.S. dollar amount is positive, then the Clearing House shall debit the seller's clearing member account and credit the buyer's clearing member account for this amount in U.S. dollars. In the event, this U.S. dollar amount is negative, then the Clearing House shall debit the buyer's clearing member account and credit the seller's clearing member account for this amount in U.S. dollars.