

TO: Clearing Member Firms  
Margin Managers  
Back Office Managers

FROM: CME Clearing

DATE: January 26, 2017

ADVISORY #: 17-041

SUBJECT: **Amendments to CME Rule 730 – (Delivery Through CLS Bank)  
Regarding Foreign Exchange Delivery**

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Effective Sunday, February 12, 2017 for trade date Monday, February 13, 2017, and pending all relevant Commodity Futures Trading Commission regulatory review periods, Chicago Mercantile Exchange Inc. ("CME" or "Exchange") will implement amendments to CME Rule 730. ("Delivery Through CLS Bank") (the "Rule Amendments") regarding foreign exchange ("FX") delivery through the Continuous Linked Settlement Bank System ("CLS").

CME Rule 730. provides that deliverable currency futures contracts are required to be physically delivered through CLS where both the trading unit and price increment currency are supported by CLS delivery procedures. Rule 730. provides that notwithstanding this requirement, physical delivery need not occur through CLS where a clearing firm's delivery exposure in any single contract is reasonably expected to not exceed \$25 million. Currently, Rule 730. does not address delivery obligations in multiple currencies or limit the aggregate value of contracts eligible to be delivered outside of a CLS bank.

Specifically, in addition to the single contract limit of \$25 million US-dollar equivalent established in Rule 730., the Exchange will implement the Rule Amendments to establish a \$50 million US-dollar equivalent cap on a clearing firm's multi-currency delivery exposure eligible for physical delivery outside of CLS. Adoption of the cap will decrease operational risk to the extent that more notional value in FX will settle via CLS rather than wire transfer. Additionally, references to 'futures' contracts will be deleted to ensure its applicability to deliverable over-the-counter FX instruments as well as futures contracts.

Further details on the proposed rule changes is available on CME Group's website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

For more information regarding this advisory or to discuss the impacts of the proposed rule changes, please contact John McKinlay at [John.McKinlay@cmegroup.com](mailto:John.McKinlay@cmegroup.com).