

Chapter 270H

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

270H.00. SCOPE OF CHAPTER

This chapter is limited in application to U.S. dollar/ Chinese renminbi 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(18) 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-fluctuation currency is the Chinese renminbi and the clearing-unit currency is the U.S. dollar.

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

270H.01. CONTRACT SPECIFICATIONS

270H.01.A. Unit of Clearing

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

270H.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.

270H.01.C. Minimum Price Increments

Minimum price fluctuations shall be in multiples of 0.0001 Chinese renminbi per U.S. dollar for transactions in Cleared OTC Contracts.

270H.01.D. Valid Value Dates for Cash Settlement

Cleared OTC 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.

270H.01.E. Delivery Price and Delivery Value

Delivery for Cleared OTC Contracts assigned pursuant to Chapter 270H shall be by cash settlement according to Rule 270H.02.

270H.01.F. 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.

270H.01.G. Last Day of Clearing

The last day on which a transaction in a Cleared OTC Contract may be submitted for clearing in respect of a specified cash settlement date shall be one (1) valid Business Day prior to the cash settlement date.

270H.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 270H.01.G. of this chapter, outstanding contracts for such cash settlement date shall be liquidated by cash settlement through procedures as prescribed in Rule 270H.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 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.

270H.01.I. [Reserved]

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.

270H.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 CME, and in order to minimize basis risk, the Exchange shall determine a Final Settlement Price as the reciprocal of the Final Settlement Price determined per procedures set forth in the INTERPRETATION TO CHAPTER 270.

270H.02.C. Amendments to Timings

The Exchange may amend the timings of notifications, deliveries, and transfers under this Rule 270H.02 to reflect as appropriate the adoption of daylight savings time in the relevant countries of delivery.

270H.03. DISPUTES

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

(End Chapter 270H)