

## Chapter 279

### Indian Rupee/U.S. Dollar (INR/USD) Futures

#### 27900. SCOPE OF CHAPTER

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

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

#### 27901. TRADING SPECIFICATIONS

##### 27901.A. Trading Schedule

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

##### 27901.B. Trading Unit

The unit of trading shall be 5,000,000 Indian rupees.

##### 27901.C. Price Increments

For trades executed on CME Globex electronic trading platform, minimum price fluctuations shall be in multiples of 0.01 U.S. cents per 100 Indian rupees, equivalent to 5 U.S. dollars per contract. Trades may also occur in multiples of 0.005 U.S. cents per 100 Indian rupees (equivalent to 2.50 U.S. dollars per contract), commonly referred to as a one-half tick, for Indian rupee/U.S. dollar futures intra-currency spreads executed as simultaneous transactions pursuant to Rule 542. For transactions submitted through CME ClearPort, the minimum price fluctuation shall be 0.001 U.S. center per 100 Indian rupees.

##### 27901.D. Position Limits, Exemptions, Position Accountability and Reportable Levels

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

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

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

##### 27901.E. [Reserved]

##### 27901.F. Special Price Fluctuation Limits

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

##### 27901.G. Termination of Trading

Futures trading shall terminate at 1:00 p.m. Mumbai time two Indian business days immediately preceding the last Indian business day of the contract month.

##### 27901.H. [Reserved]

#### 27902. SETTLEMENT PROCEDURES

##### 27902.A. [Reserved]

##### 27902.B. Cash Settlement

The Final Settlement Price shall be equal to the reciprocal of "INR FBIL (INR01)," which is the "Indian rupee per U.S. dollar" spot exchange rate published by the Financial Benchmarks India (Pvt) Limited (FBIL) at approximately 1:00 p.m. Mumbai time. This rate is widely used by the interbank foreign exchange market to cash settle non-deliverable forward contracts for Indian rupee versus U.S. dollars. The FBIL quotes this USD/INR spot rate on its website [www.fbil.org.in](http://www.fbil.org.in). The Final Settlement Price shall be rounded to two (2) decimal places. Open positions on the business

day following the termination of trading day will be marked to the Final Settlement Price. For example, the Final Settlement Price based upon the reciprocal of a FBIL INR/USD rate of 54.8473 Indian rupees per one U.S. dollar is 182.32 U.S. cents per 100 Indian rupees.

In the event that the "Indian rupee per U.S. dollar" fixing (or "midpoint") rate as calculated by the FBIL is not published on the CME Indian rupee futures contract Termination of Trading day, and therefore, CME cannot determine the CME Indian rupee Final Settlement Price, then final settlement of the CME Indian rupee/U.S. dollar futures contract may be deferred or postponed for up to 14 consecutive calendar days. This procedure is intended to correspond to the deferral or postponement procedure followed by the interbank non-deliverable forward ("NDF") market to cash-settled NDF transactions, pursuant to recognized market practices as published by EMTA, Inc., the Foreign Exchange Committee and the Singapore Foreign Exchange Market Committee ("SFEMC"). Upon the publication of the "Indian rupee per U.S. dollar" fixing (or "midpoint") rate as calculated by the FBIL prior to the lapse of such 14-day period, CME shall determine the Final Settlement Price using the reciprocal of such FBIL rate and the CME Indian rupee/U.S. dollar futures contract shall be cash settled on such day. If however, 14 consecutive calendar days pass without publication of the FBIL rate, CME shall otherwise determine the Final Settlement Price.

After the lapse of 14 consecutive calendar days without publication of the FBIL "Indian rupee per U.S. dollar" fixing (or "midpoint") rate, the Final Settlement Price may be calculated and published by CME on the next Business Day using the SFEMC INR Indicative Survey Rate ("INR Indicative Survey Rate"), if available. The INR Indicative Survey Rate is proposed to be published by SFEMC (or its designee) and posted on the public portion of SFEMC and EMTA's website following the continuous unavailability of the FBIL rate for 14 calendar days in order to provide the NDF market with a back-up rate source for valuation of certain outstanding non-deliverable foreign exchange transactions if the FBIL rate cannot be published for an extended period of time. The procedures for the SFEMC INR Indicative Survey are defined in the Interpretation to this chapter.

However, if SFEMC fails to publish the INR Indicative Survey Rate on the first Business Day following the lapse of the valuation postponement or deferral period described above, and the INR rate is also unavailable, then SFEMC shall repeat efforts to obtain the INR Indicative Survey Rate each day for an additional two business days. If on either of these two Business Days the INR "Indian rupee per U.S. dollar" fixing (or "midpoint") rate is published, then final settlement of the CME Indian rupee/U.S. dollar futures contracts shall be the reciprocal of the first of these rates published. However, if the FBIL rate is unavailable and the SFEMC publishes the FBIL Indicative Survey Rate on either of these two Business Days, then the final settlement of the CME Indian rupee/U.S. dollar futures contracts shall be the reciprocal of the first of these rates published. If the SFEMC does not publish the FBIL Indicative Survey Rate on either of these two Business Days, then Rule 812 shall apply to determine the Final Settlement Price.

However, in the event that the Exchange determines that the Clearing House is not able to determine a Final Settlement Price pursuant to any of the preceding sections and the Interpretation to this chapter, then Rule 812 shall apply to determine the Final Settlement Price.

### **27903. [RESERVED]**

(End Chapter 279)

## **INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 279**

Effective, May 17, 2006, EMTA, Inc., the Foreign Exchange Committee ("FXC") and the Singapore Foreign Exchange Market Committee ("SFEMC") adopted amendments to the December 1, 2004 non-deliverable forward ("NDF") template procedures for six Asian currencies, which included a "SFEMC INR Indicative Survey" ("INR Indicative Survey") to be conducted in certain circumstances when the "Indian rupee per U.S. dollar" fixing (or "midpoint" or "INR FBIL (INR01)") rate as calculated by the Financial Benchmarks India (Pvt) Limited (FBIL) is unavailable for settlement of expiring non-deliverable forward ("NDF") Indian rupee versus U.S. dollar transactions. The INR Indicative Survey results in the calculation of the "SFEMC INR Indicative Survey Rate" ("INR Indicative Survey Rate"), which can be used by the NDF market to settle non-deliverable Indian rupee/U.S. dollar transactions in defined circumstances. In order to reduce basis risk for market participants trading both NDF Indian rupee transactions and CME Indian rupee/U.S. dollar futures and options on futures contracts, CME has also adopted procedures to settle terminated CME Indian rupee/U.S. dollar futures contracts to the reciprocal of the INR Indicative Survey Rate when the FBIL rate has been unavailable for 14 consecutive

calendar days. The following sets forth the EMTA, the Foreign Exchange Committee and SFEMC methodology for the INR Indicative Survey.

### **The SFEMC INR Indicative Survey**

For purposes of determining the SFEMC INR Indicative Survey Rate (“INR Indicative Survey Rate”) for any Valuation Date, SFEMC (or a service provider SFEMC may select in its sole discretion) shall conduct a survey of financial institutions (“INR Indicative Survey”) for such date.

- **Commencing the INR Indicative Survey**

SFEMC (itself or through a service provider SFEMC will select in its sole discretion) will conduct a survey of financial institutions for the purpose of determining the SFEMC INR Indicative Survey Rate, beginning at 12:00 Noon (Singapore time) or as soon thereafter as practicable on a Business Day in Mumbai (or a calendar day that would have been a Business Day but for an Unscheduled Holiday), following any 14 calendar day period during which valuation is deferred or postponed (or both).

- **Polled Banks**

For purposes of determining the INR Indicative Survey Rate for a Valuation Date, SFEMC (itself or through a service provider) will survey financial institutions that are active participants in the INR/U.S. Dollar market (each, a “Participating Bank”) and included in a current list of Participating Banks published on the SFEMC’s website ([www.sfemc.org](http://www.sfemc.org)) (the “Publication Site”). Only one office of each financial institution will be included as a Participating Bank in each INR Indicative Survey.

- **Survey Question**

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

### **Use of Survey Results**

- SFEMC (itself or through a service provider) will determine the mid-point of each bid-offer pair. The arithmetic mean of the mid-points will be used to determine the INR Indicative Survey Rate, rounded to the fourth decimal point as described below.
- If the INR Indicative Survey results in 21 or more responses, then the 4 highest and 4 lowest mid-points will be eliminated, and the arithmetic mean of the remaining mid-points will be computed and will constitute the INR Indicative Survey Rate for such Valuation Date. For purposes of eliminating the 4 highest and 4 lowest mid-points, if more than 4 mid-points have the same highest value or lowest value, then only 4 such mid-points will be eliminated.
- If the INR Indicative Survey results in less than 21 but 11 or more responses, then the 2 highest and 2 lowest mid-points will be eliminated, and the arithmetic mean of the remaining mid-points will be computed and will constitute the INR Indicative Survey Rate for such Valuation Date. For purposes of eliminating the 2 highest and 2 lowest mid-points, if more than 2 mid-points have the same highest value or lowest value, then only 2 such mid-points will be eliminated.
- If the INR Indicative Survey results in less than 11 but 8 or more responses, then the highest and the lowest mid-points will be eliminated and the arithmetic mean of the remaining midpoints will be computed and will constitute the INR Indicative Survey Rate for such Valuation Date. For purposes of eliminating the highest and lowest mid-points, if more than 1 mid-point has the same highest value or lowest value, then only 1 such mid-point will be eliminated.
- If the INR Indicative Survey results in less than 8 but 5 or more responses, then no mid-points will be eliminated and the arithmetic mean of all midpoints will be computed and will constitute the INR Indicative Survey Rate for such Valuation Date.
- Quotes will be provided to the fourth decimal point (e.g., 1.0000).

**Insufficient Responses**

- If the INR Indicative Survey results in less than 5 responses from Participating Banks (“Insufficient Responses”), no INR Indicative Survey Rate will be available for the relevant Valuation Date. The next INR Indicative Survey will take place on the next succeeding Business Day in Mumbai (or calendar day that would have been a Business Day but for an Unscheduled Holiday), subject to Section V below.
- **INR Indicative Survey Rate Publication**
- The INR Indicative Survey Rate will be published on the Publication Site at 3:30 p.m. (Singapore time), or as soon thereafter as practicable.
- As soon as it is determined that the INR Indicative Survey will result in Insufficient Responses, a notice that no INR Indicative Survey Rate is available for the Valuation Date will be published on the Publication Site.
- The response of each Participating Bank to the Indicative Survey (bid-offer pair) will be available on the Publication Site at 9:00 a.m. (Singapore time) on the first Business Day in Mumbai (or calendar day that would have been a Business Day but for an Unscheduled Holiday) following the Business Day on which the relevant INR Indicative Survey Rate is published, or as soon thereafter as practicable.

**Discontinuing the INR Indicative Survey**

The INR Indicative Survey will be discontinued (i) on the calendar day first following the Business Day in Mumbai on which the INR RBIB (INR 01) is available for the determination of a Settlement Rate, or (ii) on the calendar day first following polling for the INR Indicative Survey that results in Insufficient Responses for three consecutive polling days. Notwithstanding the foregoing, nothing herein will be construed to prevent SFEMC from continuing or re-initiating the INR Indicative Survey at an appropriate time.

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

**Amendments to the Methodology**

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

**Disclaimer**

CME, SFEMC and any service provider SFEMC may select disclaim liability for the use of the SFEMC Indicative Survey Rates and for any action taken in reliance thereon, and CME, SFEMC and any service provider SFEMC may select make no representation and warranty, express or implied, either as to the results (including, without limitation, the accuracy, timeliness or adequacy) obtained from the use of any of the SFEMC Indicative Survey Rates or the methodology for determining any of the SFEMC Indicative Survey Rates and its merchantability or suitability for any particular use.