CME Group

Special Executive Report

S- 7100   **June 9, 2014**

**Amendments to the Final Settlement Price Calculations of
Great British Pound/U.S. Dollar, Japanese Yen/U.S. Dollar, Euro/U.S. Dollar,
and Australian Dollar/U.S. Dollar Realized Variance Futures Contracts**

Effective Sunday, June 29, 2014 for trade date Monday, June 30, 2014, and pending all relevant CFTC regulatory review periods, the Chicago Mercantile Exchange Inc. (CME or Exchange) will amend the contract specifications of the following foreign exchange futures contracts that are listed for trading on CME Globex and for submission for clearing through CME ClearPort:

- Great British Pound/U.S. Dollar (GBP/USD) Realized Variance Futures (Rulebook chapter: 251J; Code: Quarterly, VPQ; Semi-Annual, VPS; and Annual, VPA)
- Japanese Yen/U.S. Dollar (JPY/USD) Realized Variance Futures (Rulebook chapter: 253J; Code: Quarterly, VJQ; Semi-Annual, VJS; and Annual, VJY)
- Australian Dollar/U.S. Dollar (AUD/USD) Realized Variance Futures (Rulebook chapter: 255J; Codes: Quarterly, VAQ; Semi-Annual, VAS; and Annual, VAY)
- Euro/U.S. Dollar (EUR/USD) Realized Variance Futures (Rulebook chapter: 261J; Code: Quarterly, VEQ; Semi-Annual, VES; and Annual, VEA)

Specifically, CME is amending trading regulations 251J.01. for GBP/USD Realized Variance Futures, 253J.01. for JPY/USD Realized Variance Futures, 255J.01. for AUD/USD Realized Variance Futures, and 261J.01. for EUR/USD Realized Variance Futures to eliminate ambiguity in the holiday schedules for Bloomberg spot foreign exchange fixings that are used to determine the final settlement prices of these futures contracts following contract expiration on the last trading day in these futures contracts. These amendments will clarify the number of actual daily periodic observations that CME uses in computing the final settlements prices of these futures.

Attachment 1 provides the amendments to CME Chapters 251J, 253J, 255J, and 261J in blackline format.

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Attachment 1

(Additions are <u>underlined</u>; deletions are ~~struck through~~.)

Chapter 251J: **Great British Pound/U.S. Dollar ("GBP/USD") Realized Variance Futures**

251J.01.   **CONTRACT SPECIFICATIONS**

The Floating Index Price or Realized Variance shall be calculated as the annualized variance of the continuously compounded percentage returns from one observation point to the next over the life of the contract. The Realized Variance will be calculated by formula. The formula shall be

$$\frac{252}{n} \cdot \sum_{i=1}^{n} \left[\left(\ln \left(\frac{S_i}{S_{i-1}} \right) \right)^2 * 10{,}000 \right]$$

Rounded to the nearest .01 index point.
Where
n   Number of observations taken in the life of the contract
i   The period being observed
S_i The 4:00 p.m. fixing price of the Spot GREAT BRITISH POUND/U.S. Dollar as reported by Bloomberg. <u>Daily observation points shall be included in the calculation of the Floating Index Price or Realized Variance when provided by Bloomberg, with the noted exceptions being when a holiday in the United States, the United Kingdom, and Germany coincide.</u>

Chapter 253J: **Japanese Yen/U.S. Dollar ("JPY/USD") Realized Variance Futures**

253J.01.   **CONTRACT SPECIFICATIONS**

The Floating Index Price or Realized Variance shall be calculated as the annualized variance of the continuously compounded percentage returns from one observation point to the next over the life of the contract. The Realized Variance will be calculated by formula. The formula shall be

$$\frac{252}{n} \cdot \sum_{i=1}^{n} \left[\left(\ln \left(\frac{S_i}{S_{i-1}} \right) \right)^2 * 10{,}000 \right]$$

Rounded to the nearest .01 index point.
Where
n   Number of observations taken in the life of the contract
i   The period being observed
S_i The 4:00 p.m. fixing price of the Spot Japanese Yen/U.S. Dollar as reported by Bloomberg. <u>Daily observation points shall be included in the calculation of the Floating Index Price or Realized Variance when provided by Bloomberg, with the noted exceptions being when a holiday in the United States, the United Kingdom, and Germany coincide.</u>

(Additions are <u>underlined</u>; deletions are ~~struck through~~.)

Chapter 255J: **Australian Dollar/U.S. Dollar ("AUD/USD") Realized Variance Futures**

255J.01.   **CONTRACT SPECIFICATIONS**

The Floating Index Price or Realized Variance shall be calculated as the annualized variance of the continuously compounded percentage returns from one observation point to the next over the life of the contract. The Realized Variance will be calculated by formula. The formula shall be

$$\frac{252}{n} \cdot \sum_{i=1}^{n} [\left(\ln \left(\frac{S_i}{S_{i-1}} \right) \right)^2 * 10{,}000]$$

Rounded to the nearest .01 index point.
Where
n   Number of observations taken in the life of the contract
i   The period being observed
S_i The 4:00 p.m. fixing price of the Spot AUSTRALIAN DOLLAR/U.S. Dollar as reported by Bloomberg. <u>Daily observation points shall be included in the calculation of the Floating Index Price or Realized Variance when provided by Bloomberg, with the noted exceptions being when a holiday in the United States, the United Kingdom, and Germany coincide.</u>

Chapter 261J: **Euro/U.S. Dollar ("EUR/USD") Realized Variance Futures**

261J.01.   **CONTRACT SPECIFICATIONS**

The Floating Index Price or Realized Variance shall be calculated as the annualized variance of the continuously compounded percentage returns from one observation point to the next over the life of the contract. The Realized Variance will be calculated by formula. The formula shall be

$$\frac{252}{n} \cdot \sum_{i=1}^{n} [\left(\ln \left(\frac{S_i}{S_{i-1}} \right) \right)^2 * 10{,}000]$$

Rounded to the nearest .01 index point.
Where
n   Number of observations taken in the life of the contract
i   The period being observed
S_i The 4:00 p.m. fixing price of the Spot Euro/U.S. Dollar as reported by Bloomberg. <u>Daily observation points shall be included in the calculation of the Floating Index Price or Realized Variance when provided by Bloomberg, with the noted exceptions being when a holiday in the United States, the United Kingdom, and Germany coincide.</u>