CME Group

Special Executive Report

S-8624 **July 10, 2020**

Amendments to the Options on the South African Rand/US Dollar (ZAR/USD) Futures and the Options on the Russian Ruble/US Dollar (RUB/USD) Futures Contracts and Temporary Suspension of Trading and Clearing

Effective Sunday, August 16, 2020 for trade date Monday, August 17, 2020, and pending all relevant Commodity Futures Trading Commission ("CFTC") regulatory review periods, Chicago Mercantile Exchange Inc.-, ("CME" or "Exchange") will amend Options on the South African Rand/US Dollar ("ZAR/USD") Futures and the Options on the Russian Ruble/USD Dollar ("RUB/USD") Futures contracts (the "Contracts") as in the table below.

In addition, effective immediately the Exchange will continue to suspend trading and clearing of the Contracts until Sunday, August 16, 2020 for trade date Monday, August 17, 2020 (collectively, the "Rule Amendments"). The Exchange previously suspended trading and clearing of the Contracts until Sunday, July 12, 2020 for trade date Monday, July 13, 2020 to implement strike price and range amendments for the Contracts (See SER-8612 dated June 5, 2020). The Exchange currently lists monthly and weekly options on ZAR/USD options and RUB/USD options for trading on the CME trading floor[1] and the CME Globex electronic trading platform and for submission for clearing only on CME ClearPort. There is no open interest in the Contracts.

Contract Title	Rulebook Chapter	Commodity Code	Current Rule	Amended Rule
RUB/USD Monthly Options	260A	RU	11:00 AM Moscow time on the underlying's LTD (15th day of the contract month)	12:30 PM Moscow time two business days prior to the 15th of the month
			The underlying futures contract is the same as the option contract month (i.e., the January futures is the contract underlying the January option)	The underlying futures contract is the nearest March quarterly cycle (i.e., March, June, September and December) contract month that has not yet terminated trading
RUB/USD Weekly Options	260A	RU1-5	2:00 PM on those Fridays that are not also the termination of trading of a monthly option	12:30 PM Moscow time on those Fridays that are not in the same week as the termination of trading of a monthly option
			For weekly options that expire before the monthly option, the underlying futures contract is the same as the option contract month. For weekly options that expire after the monthly option, the underlying futures contract is the futures contract of the next consecutive calendar month.	The underlying futures contract is the nearest futures contract in the March quarterly cycle (i.e., March, June, September and December) that has not yet terminated trading
RUB/USD Futures Fixing	260A	ZRU	N/A	Tier 1 Take the 60-second average of sale (trade) prices, weighted by volume from 12:29:00 to 12:29:59 p.m. Moscow time on the day of

[1] CME Group closed its Chicago trading floor as of the close of business Friday, March 13, 2020, as a precaution to reduce large gatherings that can contribute to the spread of coronavirus in line with the advice of medical professionals. Updates can be found at: https://www.cmegroup.com/company/information.html

				determination of the CME currency fixing price. Tier 2 If less than twenty or no sales (trades) occurred during the 60-second interval noted above, take the midpoint of each bid & ask spread where available and average the resulting midpoints over the 60-second interval. Tier 3 If no sales (trades) and no bid and ask prices occurred during the 60-second interval, then Exchange staff shall derive the CME currency fixing price (as a synthetic futures price) from quote vendor spot rates and appropriate maturity forward points.
ZAR/USD Monthly Options	259A	RA	The underlying futures contract is the same as the option contract month (i.e., the January futures is the contract underlying the January option)	The underlying futures contract is the nearest March quarterly cycle (i.e., March, June, September and December) contract month that has not yet terminated trading
ZAR/USD Weekly Options	259A	1N-5N	For weekly options that expire before the monthly option, the underlying futures contract is the same as the option contract month. For weekly options that expire after the monthly option, the underlying futures contract is the futures contract of the next consecutive calendar month.	The underlying futures contract is the nearest futures contract in the March quarterly cycle (i.e., March, June, September and December) that has not yet terminated trading
ZAR/USD Futures Fixing	259A	ZRA	Tier 1 Take the 60-second average of sale (trade) prices, weighted by volume from 8:59:00 to 8:59:59 a.m. on the day of determination of the CME currency fixing price. Tier 2 If less than twenty or no sales (trades) occurred during the 60-second interval, then Exchange staff shall derive the CME currency fixing price (as a synthetic futures price) from quote vendor spot rates and appropriate maturity forward points.	Tier 1 Take the 60-second average of sale (trade) prices, weighted by volume from 8:59:00 to 8:59:59 a.m. on the day of determination of the CME currency fixing price. Tier 2 If less than twenty or no sales (trades) occurred during the 60-second interval, take the midpoint of each bid & ask spread where available and average the resulting midpoints over the 60- second interval. Tier 3 If no sales (trades) and no bid and ask prices occurred during the 60-second interval, then Exchange staff shall derive the CME currency fixing price (as a synthetic futures price) from quote vendor spot rates and appropriate maturity forward points.

Attachments: Appendix A – Amendments to CME Chapters 259A and 260A (blackline format)

Please direct questions regarding this notice to:

Asia

Ravi Pandit	+65 6593 5562	Ravi.Pandit@cmegroup.com

Europe

Phil Hermon	+44 20 3379 3983	Phil.Herman@cmegroup.com
Paul Houston	+44 20 3379 3355	Paul.Houston@cmegroup.com
Divay Malhotra	+44 20 3379 3796	Divay.Malhotra@cmegroup.com

U.S.

Emerson Eckhout	+1 312 435 3781	Emerson.Eckhout@cmegroup.com
Craig LeVeille	+1 312 454 5301	Craig.LeVeille@cmegroup.com
Graham McDannel	+1 312 454 5209	Graham.McDannel@cmegroup.com

Appendix A

CME Rulebook

(additions underlined; deletions ~~struck-through~~)

Chapter 260A
Options on Russian Ruble/U.S. Dollar (RUB/USD) Futures

260A01. OPTIONS CHARACTERISTICS

****

260A01.D. Underlying Futures Contract

1. Monthly Options

The underlying futures contract is the ~~same as the option contract month (i.e., the January futures is the contract underlying the January option)~~ nearest futures contract in the March quarterly cycle (i.e., March, June, September and December) that has not yet terminated trading.

2. Weekly Options

For weekly Russian ruble/U.S. dollar option contract listings, the underlying futures contract is the nearest futures contract in the ~~consecutive contract month~~ March quarterly cycle (i.e., March, June, September and December) that has not yet terminated trading. ~~For example, for Russian ruble/U.S. dollar option contract listings, the February futures is the underlying futures contract for weekly options expiring after the termination of trading for the January futures and options on January 15th and up to and including the termination of trading for the February futures and options on February 15th.~~

****

260A01.H. Termination of Trading

1. Monthly Options

Trading in monthly options on the Russian ruble/U.S. dollar futures contract shall terminate at ~~the same date and time as~~ 12:30 p.m. Moscow time two business days prior to the 15th of the month ~~the underlying futures contract~~. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

2. Weekly Friday Options

Trading in weekly Friday options shall terminate at ~~the close of trading (usually 2:00 p.m.)~~ 12:30 p.m. Moscow time on those Fridays that are not in the same week as ~~also~~ the termination of trading of a monthly option as described in the immediately preceding paragraph. If the foregoing date for termination is a scheduled Exchange holiday, trading in weekly Friday options shall terminate on the immediately preceding Business Day. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

****

260A03. EXERCISE AND ASSIGNMENT

****

260A03.A.1. Exercise of Options ~~by Buyer~~

All in-the-money options are automatically exercised by the Clearing House on the day of expiration for the option. All out-of-the-money options are abandoned by the Clearing House on the day of expiration for the option. To determine whether an option is in or out of the money on this day, the Exchange shall calculate the relevant "CME currency fixing price" from GLOBEX-traded underlying futures contracts as follows:

Tier 1 Take the 60-second average of sale (trade) prices, weighted by volume from 12:29:00 to 12:29:59 p.m. Moscow time on the day of determination of the CME currency fixing price.
Tier 2 If less than twenty or no sales (trades) occurred during the 60-second interval noted above, take the midpoint of each bid & ask spread where available and average the resulting midpoints over the 60-

second interval.
Tier 3 If no sales (trades) and no bid and ask prices occurred during the 60-second interval, then Exchange staff shall derive the CME currency fixing price (as a synthetic futures price) from quote vendor spot rates and appropriate maturity forward points.

An option is in-the-money if the fixing price of the underlying futures contract lies above or is equal to the exercise price in the case of a call, or lies below the exercise price in the case of a put.

Chapter 259A
Options on South African Rand/U.S. Dollar (ZAR/USD) Futures

259A01. OPTIONS CHARACTERISTICS

***

259A01.D. Underlying Futures Contract

1. Monthly Options

The underlying futures contract is the ~~same as the option contract month (i.e., the January futures is the contract underlying the January option)~~ nearest futures contract in the March quarterly cycle (i.e., March, June, September and December) that has not yet terminated trading.

2. Weekly Friday Options

For weekly Friday South African rand/U.S. dollar options the underlying futures contract is the nearest futures contract in the March quarterly cycle (i.e., March, June, September and December) that has not yet terminated trading ~~that expire before the monthly option, the underlying futures contract is the same as the option contract month. For weekly Friday South African rand/U.S. dollar options that expire after the monthly option, the underlying futures contract is the futures contract of the next consecutive calendar month. For example, if Friday, May 9th is the expiration of the monthly option (whose underlying futures contract is the May futures), then for the option expiring Friday, May 2nd, the underlying futures contract is the May futures. In this same example, for the options expiring on the Fridays, May 16th, May 23rd, and May 30th, the underlying futures contract is the June futures~~.

***

259A03. EXERCISE AND ASSIGNMENT

***

259A03.A. Exercise of Options ~~by Buyer~~

All in-the-money options are automatically exercised by the Clearing House on the day of expiration for the option. All out-of-the-money options are abandoned by the Clearing House on the day of expiration for the option. To determine whether an option is in or out of the money on this day, the Exchange shall calculate the relevant “CME currency fixing price” from GLOBEX-traded underlying futures contracts as follows:

Tier 1 Take the 60-second average of sale (trade) prices, weighted by volume from 8:59:00 to 8:59:59 a.m. on the day of determination of the CME currency fixing price.
Tier 2 If less than twenty or no sales (trades) occurred during the 60-second interval, ~~then~~ take the midpoint of each bid & ask spread where available and average the resulting midpoints over the 60-second interval.
Tier 3 If no sales (trades) and no bid and ask prices occurred during the 60-second interval, then Exchange staff shall derive the CME currency fixing price (as a synthetic futures price) from quote vendor spot rates and appropriate maturity forward points.

An option is in-the-money if the fixing price of the underlying futures contract at termination lies above or is equal to the exercise price in the case of a call, or lies below the exercise price in the case of a put.