

Chapter 270

Chinese Renminbi/U.S. Dollar (RMB/USD) Futures

27000. SCOPE OF CHAPTER

This chapter is limited in application to Chinese renminbi/U.S. dollar futures. In addition to this chapter, Chinese renminbi/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.

27001. TRADING SPECIFICATIONS

27001.A. Trading Schedule

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

27001.B. Trading Unit

The unit of trading shall be 1,000,000 yuan Chinese renminbi.¹

27001.C. Price Increments

Minimum price fluctuations shall be in multiples of \$.00001 per Chinese renminbi, equivalent to \$10.00 per contract. Trades may also occur in multiples of \$.000005 per Chinese renminbi, commonly referred to as one-half tick (\$.50/contract) for Chinese renminbi/U.S. dollar futures intra-currency spreads executed as simultaneous transactions pursuant to Rule 542.

27001.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.

27001.E. [Reserved]

27001.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.

27001.G. Termination of Trading

Futures trading shall terminate at 9:00 a.m. Beijing time on the second Beijing Business Day immediately preceding the third Wednesday of the contract month.

27001.H. [Reserved]

27002. SETTLEMENT PROCEDURES

27002.A. [Reserved]

27002.B. Cash Settlement

The Final Settlement Price shall be the reciprocal of the “Chinese renminbi per U.S. dollar” fixing (or “midpoint”) rate published by the People’s Bank of China (PBC) and representing spot trading of Chinese renminbi per U.S. dollar on the futures contract termination of trading day. Normally, this fixing rate is published at 9:15 a.m. Beijing time on each Beijing business day for foreign exchange trading. The fixing rate may be found on the Reuters SAEC page opposite symbol “USDCNY=”. The Final Settlement Price reciprocal calculation shall be rounded to six (6) decimal places. Open positions on the business day following the termination of trading day will be marked to market to the Final Settlement Price. For example, a SAEC published rate of 8.0245 Chinese renminbi per U.S.

¹ The Chinese renminbi (“RMB” or “people’s currency”) is denominated in the unit “yuan.”

dollar implies a Final Settlement Price of \$0.124618 per Chinese renminbi (reciprocal rounded to 6 decimal places).

In the event that the "Chinese renminbi per U.S. dollar" fixing (or "midpoint") rate as calculated by the PBC is not published on the CME Chinese renminbi futures contract Termination of Trading day, and therefore, CME cannot determine the CME Chinese renminbi Final Settlement Price, then final settlement of the CME Chinese renminbi/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 "Chinese renminbi per U.S. dollar" fixing (or "midpoint") rate as calculated by the PBC prior to the lapse of such 14-day period, CME shall determine the Final Settlement Price using the reciprocal of such PBC rate and the CME Chinese renminbi/U.S. dollar futures contract shall be cash settled on such day. If however, 14 consecutive calendar days pass without publication of the PBC rate, CME shall otherwise determine the Final Settlement Price.

After the lapse of 14 consecutive calendar days without publication of the PBC "Chinese renminbi 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 CNY Indicative Survey Rate ("CNY Indicative Survey Rate"), if available. The CNY 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 PBC 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 PBC rate cannot be published for an extended period of time. The procedures for the SFEMC CNY Indicative Survey are defined in the Interpretation to this chapter.

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

27003. [RESERVED]

(End Chapter 270)

INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 270

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 CNY Indicative Survey" ("CNY Indicative Survey") to be conducted in certain circumstances when the "Chinese renminbi per U.S. dollar" fixing (or "midpoint" or "CNY SAEC (CNY01)") rate as calculated by the People's Bank of China ("PBC") is unavailable for settlement of expiring non-deliverable forward ("NDF") Chinese renminbi versus U.S. dollar transactions. The CNY Indicative Survey results in the calculation of the "SFEMC CNY Indicative Survey Rate" ("CNY Indicative Survey Rate"), which can be used by the NDF market to settle non-deliverable Chinese renminbi/U.S. dollar transactions in defined circumstances. In order to reduce basis risk for market participants trading both NDF Chinese renminbi transactions and CME Chinese renminbi/U.S. dollar futures and options on futures contracts, CME has also adopted procedures to settle terminated CME Chinese renminbi/U.S. dollar futures contracts to the reciprocal of the CNY Indicative Survey Rate when the PBC rate has been unavailable for 14 consecutive calendar days. The following sets forth the EMTA, the Foreign Exchange Committee and SFEMC methodology for the CNY Indicative Survey.

The SFEMC CNY Indicative Survey

For purposes of determining the SFEMC CNY Indicative Survey Rate ("CNY 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 ("CNY Indicative Survey") for such date.

- **Commencing the CNY 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 CNY Indicative Survey Rate, beginning at 11:00 a.m. (Singapore time) or as soon thereafter as practicable on a Business Day in Beijing (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 CNY Indicative Survey Rate for a Valuation Date, SFEMC (itself or through a service provider) will survey financial institutions that are active participants in the CNY/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) (the "Publication Site"). Only one office of each financial institution will be included as a Participating Bank in each CNY 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 CNY spot rate (bid-offer pair) for a standard size CNY/U.S. dollar wholesale financial transaction for same-day settlement in the Beijing 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 CNY/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 CNY/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 CNY Indicative Survey Rate, rounded to the fourth decimal point as describe below.
- If the CNY 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 CNY 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 shall be eliminated.

- If the CNY 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 shall be computed and will constitute the CNY 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 shall be eliminated.
- If the CNY 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 mid-points will be computed and will constitute the CNY 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 shall be eliminated.
- If the CNY 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 mid-points will be computed and will constitute the CNY Indicative Survey Rate for such Valuation Date.
- Quotes will be provided to the fourth decimal point (e.g., 1.0000).

Insufficient Responses

- If the CNY Indicative Survey results in less than 5 responses from Participating Banks (“Insufficient Responses”), no CNY Indicative Survey Rate will be available for the relevant Valuation Date. The next CNY Indicative Survey will take place on the next succeeding Business Day in Beijing (or calendar day that would have been a Business Day but for an Unscheduled Holiday), subject to section below titled “Discontinuing the CNY Indicative Survey.”

CNY Indicative Survey Rate Publication

- The CNY Indicative Survey Rate will be published on Publication Site at 3:30 p.m. (Singapore time), or as soon thereafter as practicable.
- As soon as it is determined that the CNY Indicative Survey will result in Insufficient Responses, a notice that no CNY 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-off pair) will be available on the Publication Site at 9:00 a.m. (Singapore time) on the first Business Day in Beijing (or calendar day that would have been a Business Day but for an Unscheduled Holiday) following the Business Day on which the relevant CNY Indicative Survey Rate is published, or as soon thereafter as practicable.

Discontinuing the CNY Indicative Survey

The CNY Indicative Survey will be discontinued (i) on the calendar day first following the Business Day in Beijing on which the CNY SAEC (CNY 01) is available for the determination of a Settlement Rate, or (ii) on the calendar day first following polling for the CNY 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 CNY Indicative Survey at an appropriate time.

A notice that the CNY 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 CNY 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.