

Chapter 300

CME WM/Reuters OTC Spot, Forward and Swap Contracts

300.00. SCOPE OF CHAPTER

This chapter is limited in application to CME WM/Reuters OTC Spot, Forward, and Swap Contracts (“CME WMR Contracts”), based on specified currency pairs, cash-settled by reference to WM/Reuters Spot Rates (“WMR Rates”)¹. Parties to transactions in CME WMR Contracts shall be limited to “eligible contract participants” as defined in Section 1a(18) of the Commodity Exchange Act.

Transactions in CME WMR Contracts shall also be subject to the general rules of the Exchange insofar as applicable. The clearing and settlement of transactions in CME WMR Contracts shall also be subject to the provisions of Chapter 8-F of the CME Rulebook (Over-the-Counter Derivative Clearing).

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

300.01. CONTRACT SPECIFICATIONS

300.01.A. Contract Summary

CME WMR Contracts shall be based upon specified currency pairings as cataloged in the Appendix to this Chapter.

The Unit of Trading and Clearing shall be specified in terms of the “clearing-unit currency.” CME WMR Contracts shall be based on a Unit of Clearing to a Precision as specified in the Appendix to this Chapter. The minimum price fluctuation shall be specified in terms of the “minimum-fluctuation currency.” CME WMR contracts shall be quoted in minimum price fluctuations as specified in the Appendix to this Chapter.

The WMR Rate fixing time shall be as specified in the Appendix to this Chapter.

For purposes of Position Accountability and the application of Position Limits, each CME WMR Contract shall be deemed to be the notional value contract equivalent as specified in the Appendix to this Chapter.

300.01.B. Hours for Trading and Clearing Entry

The Exchange shall determine the hours during which CME WMR Contracts may be traded and submitted to the Clearing House.

300.01.C. Valid Value Dates for Cash Settlement

CME WMR 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.

300.01.D. Delivery Price and Delivery Value

Delivery for CME WMR Contracts assigned pursuant to Chapter 300 shall be by cash settlement according to Rule 300.02.

300.01.E. Position Limits, Exemptions, Position Accountability and Reportable Levels

¹ The WM/Reuters Spot Rates are provided by The World Markets Company PLC (WM) in conjunction with Reuters and are used for certain currencies (the “Rates”) displayed herein. WM and Reuters shall not be liable for any errors in or delays in providing or making available the WM/Reuters Spot Rates, nor for any actions taken in reliance on the same. The Rates cannot be used, reproduced, distributed, redistributed, licensed or disclosed in any way without a written agreement with WM.

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.

300.01.F. Last Day of Trading

The last day on which a transaction in a CME WMR Contract may be traded, in respect of a specified cash settlement date, shall be one (1) valid Business Day prior to the cash settlement date.

300.01.G. Liquidation and Delivery Standards

(1) At Maturity. After clearing of CME WMR Contracts in respect of a specified cash settlement date has ceased, in accordance with Rule 300.01.G. of this chapter, outstanding contracts for such cash settlement date shall be liquidated by cash settlement through procedures as prescribed in Rule 300.02 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 CME WMR 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.

300.01.H. [Reserved]

300.02. CASH SETTLEMENT

300.02.A. Day of Cash Settlement

Each CME WMR 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 equal to the WM/Reuters Spot Rate at the specified fixing time for that day for the specific currency pair in question, rounded to the nearest integral multiple of the minimum price increment as identified per the Appendix to this Chapter.

For select currency pairs as indicated in asterisked footnotes in the Appendix to this Chapter, the Final Settlement Price shall be calculated using appropriate WM/Reuters Spot Rates for component currency pairs, and the result shall be rounded to the nearest integral multiple of the minimum price increments (also, "minimum price fluctuations") as identified per the Appendix to this Chapter. For example, the Australian dollar / Japanese yen (AUD/JPY) Final Settlement Price shall be calculated by multiplying the Australian dollar (AUD) / U.S. dollar (USD) Final Settlement Price in units of USD per AUD by the U.S. dollar (USD) / Japanese yen (JPY) Final Settlement Price in units of JPY per USD and rounding the result to six (6) decimal places.

All open positions for that valid value date for cash settlement will be cash settled in the minimum fluctuation 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. In select cases as noted in asterisked footnotes in the Appendix to Chapter 300, the resulting minimum fluctuation currency amount at final settlement shall be converted into the Unit of Trading and Clearing Currency by dividing by the Final Settlement Prices.

In the event this final payment 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 final payment amount. In the event this final payment 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 final payment amount.

300.02.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 WM/Reuters, and in order to minimize basis risk, the Final Settlement Price shall be determined as the next available WM/Reuters Spot Rate for the specific currency pair in question.

300.02.C. Amendments to Timings

The Exchange may amend the timings of notifications, deliveries, and transfers under this Rule 300.02 to reflect as appropriate the adoption of daylight savings time in the relevant countries of delivery.

300.03. DISPUTES

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

(End Chapter 300)

Appendix to Chapter 300: Contract Specifications

Currency Pairing	Unit of Trading and Clearing	Precision	Minimum Price Fluctuation	Contract Equivalent	Fixing Time
GBP/USD	1 GBP	0.01 GBP	0.000001 USD/GBP	62,500 GBP	4:00 pm London time
USD/CAD	1 USD	0.01 USD	0.000001 CAD/USD	100,000 CAD	4:00 pm London time
USD/JPY	1 USD	0.01 USD	0.0001 JPY/USD	12,500,000 JPY	4:00 pm London time
USD/CHF**	1 USD	0.01 USD	0.000001 CHF/USD	125,000 CHF	4:00 pm London time
AUD/USD	1 AUD	0.01 AUD	0.000001 USD/AUD	100,000 AUD	4:00 pm London time
USD/MXN	1 USD	0.01 USD	0.000001 MXN/USD*	500,000 MXN	4:00 pm London time
NZD/USD	1 NZD	0.01 NZD	0.000001 USD/NZD	100,000 NZD	4:00 pm London time
USD/ZAR	1 USD	0.01 USD	0.000001 ZAR/USD*	500,000 ZAR	4:00 pm London time
EUR/USD	1 EUR	0.01 EUR	0.000001 USD/EUR	125,000 EUR	4:00 pm London time
USD/NOK**	1 USD	0.01 USD	0.000001 NOK/USD*	2,000,000 NOK	4:00 pm London time
USD/SEK**	1 USD	0.01 USD	0.000001 SEK/USD*	2,000,000 SEK	4:00 pm London time
USD/CZK**	1 USD	0.01 USD	0.00001 CZK/USD*	4,000,000 CZK	4:00 pm London time
USD/HUF**	1 USD	0.01 USD	0.0001 HUF/USD*	30,000,000 HUF	4:00 pm London time
USD/PLN**	1 USD	0.01 USD	0.000001 PLN/USD*	500,000 PLN	4:00 pm London time
USD/ILS	1 USD	0.01 USD	0.000001 ILS/USD*	1,000,000 ILS	4:00 pm London time
USD/TRY	1 USD	0.01 USD	0.000001 TRY/USD*	200,000 USD	4:00 pm London time
USD/DKK**	1 USD	0.01 USD	0.000001 DKK/USD*	100,000 USD	4:00 pm London time
EUR/GBP**	1 EUR	0.01 EUR	0.0000001 GBP/EUR	125,000 EUR	4:00 pm London time
EUR/JPY**	1 EUR	0.01 EUR	0.0001 JPY/EUR	125,000 EUR	4:00 pm London time
EUR/CHF	1 EUR	0.01 EUR	0.0000001 CHF/EUR*	125,000 EUR	4:00 pm London time
AUD/JPY**	1 AUD	0.01 AUD	0.000001 JPY/AUD	200,000 AUD	4:00 pm London time
CAD/JPY**	1 CAD	0.01 CAD	0.00001 JPY/CAD	200,000 CAD	4:00 pm London time
EUR/AUD**	1 EUR	0.01 EUR	0.000001 AUD/EUR*	125,000 EUR	4:00 pm London time
USD/HKD	1 USD	0.01 USD	0.000001 HKD/USD*	100,000 USD	4:00 pm London time
USD/SGD	1 USD	0.01 USD	0.000001 SGD/USD*	100,000 USD	4:00 pm London time
USD/THB	1 USD	0.01 USD	0.0001 THB/USD*	100,000 USD	4:00 pm London time
USD/JPY	1 USD	0.01 USD	0.0001 JPY/USD	12,500,000 JPY	10:00 am New York time
EUR/USD	1 EUR	0.01 EUR	0.000001 USD/EUR	125,000 EUR	10:00 am New York time
GBP/USD	1 GBP	0.01 GBP	0.000001 USD/GBP	62,500 GBP	10:00 am New York time
AUD/USD	1 AUD	0.01 AUD	0.000001 USD/AUD	100,000 AUD	10:00 am New York time
USD/CHF**	1 USD	0.01 USD	0.000001 CHF/USD	125,000 CHF	10:00 am New York time
USD/CAD	1 USD	0.01 USD	0.000001 CAD/USD	100,000 CAD	10:00 am New York time
EUR/GBP**	1 EUR	0.01 EUR	0.0000001 GBP/EUR	125,000 EUR	10:00 am New York time

*As specified in CME Rule 300.02.A., the minimum fluctuation currency amount at final settlement, shall be converted into the Unit of Trading and Clearing Currency by dividing by the Final Settlement Price. This provision minimizes the number of currency accounts required to participate in centralized clearing of OTC cash settlement forwards.

**As specified in CME Rule 300.02.A. for select currency pairs and as indicated in the Appendix to this Chapter above, the Final Settlement Price shall be calculated using appropriate WM/Reuters Spot Rates for component

currency pairs, and the result shall be rounded to the nearest integral multiple of the minimum price increments (also, "minimum price fluctuations") identified for that select currency pair in the Appendix to this Chapter above.

NOTES

AUD	=	Australian dollar
CAD	=	Canadian dollar
CHF	=	Swiss franc
CZK	=	Czech koruna
DKK	=	Danish krone
EUR	=	Euro
GBP	=	British pound
HKD	=	Hong Kong dollar
HUF	=	Hungarian forint
ILS	=	Israeli shekel
JPY	=	Japanese yen
MXN	=	Mexican peso
NOK	=	Norwegian krone
NZD	=	New Zealand dollar
PLN	=	Polish zloty
SEK	=	Swedish krona
SGD	=	Singapore dollar
THB	=	Thailand baht
TRY	=	Turkish lira
USD	=	U.S. dollar
ZAR	=	South African Rand