

## Chapter 300A

### CME WM/Reuters OTC Options Contracts

#### 300A.00. SCOPE OF CHAPTER

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

Transactions in CME WMR Option Contracts shall also be subject to the general rules of the Exchange insofar as applicable. The clearing and settlement of transactions in CME WMR Option 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.

#### 300A.01. CONTRACT SPECIFICATIONS

##### 300A.01.A. Contract Summary

CME WMR Option 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 Option 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 Option 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 Option Contract shall be deemed to be the notional value contract equivalent as specified in the Appendix to this Chapter.

##### 300A.01.B. Hours for Trading and Clearing Entry

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

##### 300A.01.C. Valid Value Dates for Cash Settlement

CME WMR Option 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.

##### 300A.01.D. Delivery Price and Delivery Value

Delivery for CME WMR Option Contracts assigned pursuant to Chapter 300A shall be by cash settlement according to Rule 300A.02.

##### 300A.01.E. Position Limits, Exemptions, Position Accountability and Reportable Levels

---

<sup>1</sup>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.

#### **300A.01.F. Last Day of Trading**

The last day on which a transaction in a CME WMR Option 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.

#### **300A.01.G. Liquidation and Delivery Standards**

(1) At Maturity. After clearing of CME WMR Option Contracts in respect of a specified cash settlement date has ceased, in accordance with Rule 300A.01.G. of this chapter, outstanding contracts for such cash settlement date shall be liquidated by cash settlement through procedures as prescribed in Rule 300A.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 Option 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.

#### **300A.01.H. Exercise Prices**

Exercise prices shall be stated in terms of the minimum price fluctuations as specified in the Appendix to this Chapter.

### **300A.02. CASH SETTLEMENT**

#### **300A.02.A. Day of Cash Settlement**

Each CME WMR Option 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 Euro / British pound (EUR/GBP) Final Settlement Price shall be calculated by multiplying the Euro (EUR) / U.S. dollar (USD) Final Settlement Price in units of USD per EUR by the U.S. dollar (USD) / British pound (GBP) Final Settlement Price in units of GBP per USD and rounding the result to seven (7) decimal places.

#### **300A.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.

#### **300A.02.C. Amendments to Timings**

The Exchange may amend the timings of notifications, deliveries, and transfers under this Rule 300A.02 to reflect as appropriate the adoption of daylight savings time in the relevant countries of delivery.

### 300A.03. EXERCISE AND CASH SETTLEMENT AMOUNT

The option style for each WMR Option Contract shall be European.

#### 300A.03.A. Exercise

All in-the-money options are automatically exercised by the Clearing House on the day of expiration for the options. All out-of-the-money options are abandoned by the Clearing House on the day of expiration for the option. An option is in-the-money if the WM/Reuters Spot Rate lies above the exercise price in the case of a call, or lies below the exercise price in the case of a put.

#### 300A.03.B. Cash Settlement Amount

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 WM/Reuters Spot Price for the valid value date for cash settlement and the original exercise price as submitted for clearing, times the notional value of the transaction in the clearing unit currency.

In the event this final payment is positive from the buyer's perspective, 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.

### 300A.04. DISPUTES

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

(End Chapter 300A)

#### Appendix to Chapter 300A: 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	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
USD/JPY	1 USD	0.01 USD	0.0001 JPY/USD	12,500,000 JPY	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
AUD/USD	1 AUD	0.01 AUD	0.000001 USD/AUD	100,000 AUD	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
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 300A.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  
 EUR = Euro  
 GBP = British Pound  
 JPY = Japanese Yen  
 USD = U.S. Dollar