



Special Executive Report

S-7696

July 1, 2016

Amendments to the Settlement Rules and Procedures for the USD Malaysian Crude Palm Oil Calendar Swap Contract

Effective Sunday, July 17, 2016 for trade date Monday, July 18, 2016, and pending all CFTC regulatory review periods, Chicago Mercantile Exchange Inc. ("CME" or "Exchange") will amend CME Rule 204A03 ("Final Settlement Price and Daily Settlement During the Last Month of Trading"); CME Rule 204A04 ("Daily Settlement Price"); and the Settlement Procedures Document of the USD Malaysian Crude Palm Oil Calendar Swap (Cleared Only) contract (the "Contract") (CME Rulebook Chapter 204A; Clearing and CME ClearPort Code: CPC). The Contract is available for submission for clearing through CME ClearPort.

- CME is amending the Contract to change the settlement procedures that currently use the MYR PPKM (MYR03) rate to the MYR KL REF (MYR04) rate. Bank Negara Malaysia revised the methodology for its USD/MYR rate and is replacing it with this new rate. The MYR KL REF (MYR04) rate is based upon a volume-weighted average methodology.
- CME is also amending the publishing time for the spot rate as Bank Negara Malaysia will begin publishing the rate at 3:30 p.m. Kuala Lumpur time. The rate is currently published at 11:30 a.m. Kuala Lumpur time.

Attachment 1 provides the CME Rulebook amendments and Settlement Procedures Document in blackline format.

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For media inquiries concerning this Special Executive Report, please contact CME Group Corporate Communications at 312.930.3434 or news@cmegroup.com.

Attachment 1

CME Rulebook

(Additions underscored; deletions overstruck)

Chapter 204A

USD Malaysian Crude Palm Oil Calendar Swap (Cleared Only)

204A03. FINAL SETTLEMENT PRICE AND DAILY SETTLEMENT DURING THE LAST MONTH OF TRADING

The final settlement price shall be determined on the final settlement day. The final settlement price shall be the cumulative average of the settlement prices for the third forward month FCPO contract traded on the Bursa Malaysia Derivatives Berhad for each trading day in the swap contract month converted to USD and rounded to the nearest \$0.25 using the KL REF USD/MYR spot rate ~~reported by Persatuan Pasaran Kewangan Malaysia (PPKM)~~, which appears on Thomson Reuters Screen MYRFIX2 Page at approximately ~~11:10 am~~3:30 p.m. Kuala Lumpur time.

For example, final settlement for a January USD Malaysian Crude Palm Oil Calendar Swap would be the cumulative average of the daily settlement prices for the third forward FCPO contract listed on the Bursa Malaysia Derivatives Berhad contract during the month of January, which in this example will comprise half of the March futures contract and half of the April futures contract, with the month roll determined by the Bursa Malaysia Derivatives Berhad listing and expiration cycle. These daily settlement prices are converted to USD and rounded to the nearest \$0.25 using the KL REF USD/MYR spot rate ~~reported by PPKM~~ at approximately ~~11:10 am~~3:30 p.m. Kuala Lumpur time.

Daily settlement during the last month of clearing shall be the cumulative average of each settlement price of the corresponding Bursa Malaysia Derivatives Berhad FCPO futures contract and converted to USD and rounded to the nearest \$0.25 weighting the current day's settlement price across each remaining clearing day.

Settlement prices shall be generated each CME business day using the most recent available values from Bursa Malaysia Derivatives Berhad and the most recent KL REF USD/MYR spot rate ~~reported by PPKM~~. However, any settlement prices generated on a CME business day that is not also a Bursa Malaysia Derivatives Berhad business day will not be counted toward final settlement. Additionally, there will be no daily settlement prices generated on non-CME business days that are Bursa Malaysia Derivatives Berhad business days, but the Bursa Malaysia Derivatives Berhad settlement prices generated on such days will count toward final settlement and daily settlement during the last month of clearing.

204A04. DAILY SETTLEMENT PRICE

FOR ALL CONTRACT MONTHS PRIOR TO AND INCLUDING JUNE 2017

Daily settlement other than settlement on the final settlement day or during the last month of clearing (as described in Rule 204A03) shall be the settlement price of the Bursa Malaysia Derivatives Berhad FCPO futures contract that is the third-forward month from the swap month converted to USD using the KL REF USD/MYR spot rate ~~reported by PPKM~~ at approximately ~~11:10 am~~3:30 p.m. Kuala Lumpur time and rounded to the nearest \$0.25. Daily settlement prices shall be generated each business day the CME is open using the most recent available Bursa Malaysia Derivatives Berhad FCPO futures prices and the latest available KL REF USD/MYR spot rate ~~reported by PPKM~~ at approximately ~~11:10 am~~3:30 p.m. Kuala Lumpur time.

The Exchange may list USD Malaysian Crude Palm Oil Calendar Swaps before corresponding Bursa Malaysia Derivatives Berhad FCPO futures contracts are listed. In such cases, daily settlements will be based on interpolation between contracts that are listed.

FOR ALL CONTRACT MONTHS BEGINNING WITH JULY 2017

Daily settlement other than settlement on the final settlement day or during the last month of clearing (as described in Rule 204A03) shall be the settlement price of the Bursa Malaysia Derivatives Berhad FCPO futures contract that is the third-forward month from the swap month converted to USD using USD/MYR forward rates equating to and interpolating between the closest date(s) to the last business day of the contract's expiration month and published at contract settlement time and rounded to the nearest \$0.25. Daily settlement prices shall be generated each business day the CME is open using the most recent available Bursa Malaysia Derivatives Berhad FCPO futures prices and the latest available USD/MYR forward rates published at contract settlement time.

The Exchange may list USD Malaysian Crude Palm Oil Calendar Swaps before corresponding Bursa Malaysia Derivatives Berhad FCPO futures contracts are listed. In such cases, daily settlements will be based on interpolation between contracts that are listed.

Settlement Procedures Document

Malaysian Crude Palm Oil Calendar Swap

Normal Daily Settlement

Daily settlement other than settlement on the final settlement day or during the last month of clearing (as described in Rule 204A03) shall be the settlement price of the Bursa Malaysia Derivatives Berhad FCPO futures contract that is the third-forward month from the swap month converted to USD using the ~~Persatuan Pasaran Kewangan Malaysia (ACI—Malaysia) 11:00 am3:30 p.m. (Singapore Kuala Lumpur~~ time) ~~KL REF MYR spot fixing, which appears on Thompson Reuters Screen MYRFIX2,~~ and rounded to the nearest \$0.25. Daily settlement prices shall be generated each business day the CME is open using the most recent available Bursa Malaysia Derivatives Berhad FCPO futures prices and the latest available ~~Persatuan Pasaran Kewangan Malaysia (ACI—Malaysia) 11:00 am3:30 p.m. KL REF MYR spot~~ fixing.

The Exchange may list USD Malaysian Crude Palm Oil Calendar Swaps before corresponding Bursa Malaysia Derivatives Berhad FCPO futures contracts are listed. In such cases, daily settlements will be based on interpolation between contracts that are listed.

Final Settlement Price and Daily Settlement During Last Month of Trading

The final settlement price shall be determined on the final settlement day. The final settlement price shall be the cumulative average of the settlement prices for the third forward month FCPO contract traded on the Bursa Malaysia Derivatives Berhad for each trading day in the swap contract month converted to USD and rounded to the nearest \$0.25 using the ~~Persatuan Pasaran Kewangan Malaysia (ACI—Malaysia) 11:00 am3:30 p.m. (Singapore Kuala Lumpur~~ time) ~~KL REF MYR spot fixing.~~ For example, final settlement for a January USD Malaysian Crude Palm Oil Calendar Swap would be the cumulative average of the daily settlement prices for the third forward FCPO contract listed on the Bursa Malaysia Derivatives Berhad contract during the month of January, which in this example will comprise half of the March futures contract and half of the April futures contract, with the month roll determined by the Bursa Malaysia Derivatives Berhad listing and expiration cycle. These daily settlement prices are converted to USD and rounded to the nearest \$0.25 using the ~~Persatuan Pasaran Kewangan Malaysia (ACI—Malaysia) 11:00 am3:30 p.m. (Singapore Kuala Lumpur~~ time) ~~KL REF MYR spot fixing.~~

Daily settlement during the last month of clearing shall be the cumulative average of each settlement price of the corresponding Bursa Malaysia Derivatives Berhad FCPO futures contract and converted to USD and rounded to the nearest \$0.25 weighting the current day's settlement price across each remaining clearing day. Settlement prices shall be generated each CME business day using the most

| recent available values from Bursa Malaysia Derivatives Berhad and the most recent [ABS](#) spot fixing. However, any settlement prices generated on a CME business day that is not also a Bursa Malaysia Derivatives Berhad business day will not be counted toward final settlement. Additionally, there will be no daily settlement prices generated on non-CME business days that are Bursa Malaysia Derivatives Berhad business days, but the Bursa Malaysia Derivatives Berhad settlement prices generated on such days will count toward final settlement and daily settlement during the last month of clearing.