

TO: Clearing Member Firms; Back Office Managers
FROM: CME Clearing
ADVISORY #: 20-115
DATE: March 18, 2020
SUBJECT: OTC FX Production Advisory – Cleared USD/PHP Non-Deliverable FX Forwards

Please be advised that on March 17, 2020, the Bankers Association of the Philippines (BAP) suspended the calculation and publication of its Philippine Peso/USD exchange rate (PHP BAPPESO (PHP06)) following Philippine government actions taken in response to the current COVID-19 pandemic. Today, March 18, 2020, the BAP PHP/USD exchange rate has been published. As the situation in the Philippines may continue to evolve, CME Clearing Members are reminded that CME defines the procedures, terms and conditions of each cleared FX Contract within Chapters 600 and 601 of the CME Rulebook. This includes reference to the **Relevant EMTA Template Terms** that are in effect on the Acceptance (Cleared) Date of such FX Contract. As it relates to the Valuation and Final Settlement Dates, please reference the following rules:

60102.E. Valuation Dates for Final Settlement Price Determination

Prior to submission to CME Clearing for clearing, a FX Product shall be specified for a Final Settlement Price determination on a Valuation Date that is mutually agreed by the relevant FX Participants, and that is accepted by CME Clearing as a valid Valuation Date for the Currency Pair corresponding to such FX Product, in accordance with the Relevant EMTA Template Terms.

60104.A. Final Settlement Price and Final Settlement Amount

*A FX Contract remaining open on such FX Contract's Valuation Date shall be cash settled by reference to the difference between the Final Settlement Price for such FX Contract minus the original trade price of such FX Contract as submitted for clearing to CME Clearing ("Difference"). Such Final Settlement Price shall be equal to the value of the relevant Settlement Rate Option, as specified in the Relevant EMTA Template, rounded to the nearest applicable Minimum Price Increment set forth in Rule 60102.C. **If the specified Settlement Rate Option is unavailable for determination of a Final Settlement Price, then such Final Settlement Price shall be determined in accordance with the applicable disruption fallback alternatives for the determination of the Settlement Rate, as set forth in the Relevant EMTA Template.** If such disruption fallback alternatives fail to provide a Settlement Rate, then such Final Settlement Price shall be determined by the Exchange, in its role as Calculation Agent, pursuant to Rule 812.*

For further information, EMTA Members may reference the EMTA Guidance Note on PHP/USD Non-Deliverable FX and Currency Option Transactions under the EMTA and SFEMC Template Terms dated March 17, 2020.

For any questions, please contact
Onboarding_Clearing@cmegroup.com Regards, CME Clearing

