



Special Executive Report

DATE: May 11, 2016

SER#: 7616R

SUBJECT: Amendments to Daily Settlement Price Rule for the USD Malaysian Crude Palm Oil Calendar Swap (Cleared Only) Contract

(This SER supersedes SER-7616 dated April 4, 2016 and is being issued to further amend Rule 204A04. to reflect the current settlement methodology and the effective date. No other changes have been made to the original SER.)

Effective Tuesday, May 17, 2016 for trade date Wednesday, May 18, 2016, and pending all relevant CFTC regulatory review periods, Chicago Mercantile Exchange Inc., ("CME" or "Exchange") will amend Rule 204A04 ("Daily Settlement Price") of the USD Malaysian Crude Palm Oil Calendar Swap contract (the "Contract") (Rulebook Chapter 204A; Clearing and CME ClearPort Code: CPC). The amendments will incorporate a forward USD/MYR foreign exchange rate into the settlement calculation for non-spot contract months commencing with the July 2017 contract month and beyond.

The Contract's settlement price is based on the Bursa Malaysia Derivatives Berhad FCPO futures contract which is priced in Malaysian Ringgit, and currently CPO calendar swaps are converted from Ringgit to US Dollars using the USD/MYR spot rate. In order to be more consistent with the crude palm oil OTC market, CME Clearing will begin using both spot and forward USD/MYR exchange rates to settle non-spot contracts. This change will incorporate a term structure of spot and forward USD/MYR rates equating to the last business day in a contract's expiration month when converting non-spot settlement prices from Ringgit to USD. Spot contract months will continue to be converted to USD using the spot USD/MYR rate.

The amendments to CME Chapter 204A are provided below in blackline format.

Questions may be directed to Nelson Low (+65 6593 5570 or nelson.low@cmegroup.com), WingChew Mok (+65 6593 5583 or wingchew.mok@cmegroup.com), or Fred Seamon (312-634-1587 or fred.seamon@cmegroup.com).

Chapter 204A
USD Malaysian Crude Palm Oil Calendar Swap (Cleared Only)
(Additions are underlined.)

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 USD/MYR spot rate reported by PPKM at approximately 11:10 am 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 USD/MYR spot rate reported by PPKM at approximately 11:10 am 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 (Effective Wednesday, May 18, 2016 – Pending CFTC Review)

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 ~~first~~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.