



Special Executive Report

S-7701

July 5, 2016

Amendments to the Final Settlement Rules for the Russian Ruble/U.S. Dollar (RUB/USD) Futures and the Cleared OTC U.S. Dollar/Russian Ruble (USD/RUB) Spot, Forwards and Swaps Contracts

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") intends to amend CME Rule 26002. ("Settlement Procedures") and the Interpretations and Special Notices Section of the Russian Ruble/U.S. Dollar (RUB/USD) Futures contract (the "Futures Contract") (Rulebook chapter: 260; Code: RU). The Futures Contract is available for trading on CME Globex and for submission for clearing through CME ClearPort. The amendments would also be effective for the Exchange's Cleared OTC U.S. Dollar/Russian Ruble (USD/RUB) Spot, Forwards and Swaps contract (the "Cleared-Only Contract") (Rulebook chapter: 260H; Code: USDRUB). The Cleared-Only Contract is available for submission for clearing through CME ClearPort.

- The Exchange intends on replacing the CME/EMTA Russian Ruble Reference Rate used for final settlement with the USD/RUB FX FIXING rate calculated by the Moscow Exchange (MOEX). The CME/EMTA rate will no longer be calculated by CME/EMTA effective Monday, July 18, 2016.
- The MOEX USD/RUB FX FIXING methodology can be found here: <http://fs.moex.com/files/4225>
- The MOEX USD/RUB FX FIXING rate can be found here: <http://moex.com/en/fixing>

Currently, the Futures Contract has open interest commencing with the July 2016 contract month and beyond, and there is no open interest in the Cleared-Only Contract.

Attachment 1 provides the CME Rulebook amendments 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
Chapter 260
Russian Ruble/U.S. Dollar (RUB/USD) Futures
(additions are underlined; deletions are ~~struckthrough~~)

26002. SETTLEMENT PROCEDURES

26002.A. [Reserved]

26002.B. Cash Settlement

All Russian ruble/U.S. dollar futures contracts remaining open after the close of trading on the termination of trading day shall be liquidated by cash settlement at a price equal to the Final Settlement Price. The CME Russian ruble/U.S. dollar futures contract Final Settlement Price shall be equal to the reciprocal of the "RUB MOEX (RUB05)," which is the "Russian ruble per U.S. Dollar" spot exchange rate, for settlement in one business day, reported by the Moscow Exchange (MOEX) (www.moex.com/en/fixing) as the MOEX USD/RUB FX Fixing at approximately 12:35 p.m., Moscow time result of Chicago Mercantile Exchange Inc. ("CME") / EMTA, Inc. (previously, the "Emerging Markets Traders Association") Russian ruble per U.S. dollar Reference Rate survey procedure as described in sections 1, 2, 3 and 4 below, rounded to six decimal places.

1. CME/EMTA Survey Procedure

~~CME shall determine the CME/EMTA Russian ruble per U.S. dollar Reference Rate by conducting a survey of financial institutions inside the Russian Federation that are active participants in the Russian ruble per U.S. dollar spot and/or non-deliverable forward ("NDF") markets. For such survey, CME shall poll no less than 15 such institutions at an unannounced, randomly selected time between 12:00 noon and 12:30 p.m. Moscow time. Each participant shall be requested to provide the bid and offer at which the participant could currently execute a transaction of at least US\$100,000 for next-day value ("TOM") Russian ruble per U.S. dollar spot transactions in the Moscow marketplace. Before a quote is officially accepted, it must be confirmed either by telex, facsimile, or other hard-copy confirmation, or by recorded telephone message or secure electronic confirmation. If ten or more responses are received to the survey, CME shall randomly select ten of such responses. CME shall calculate the midpoint of each bid-offer pair and shall eliminate the two lowest and two highest midpoints. CME shall then compute the arithmetic mean of the remaining 6 midpoints for the survey to determine the CME/EMTA Reference Rate.~~

~~In the event that the CME/EMTA survey procedures result in less than ten but at least five responses for the survey, using all responses received, CME shall determine the midpoint of each bid-offer pair and the lowest and highest of such midpoints shall be eliminated. CME shall then compute the arithmetic mean of the remaining 7, 6, 5, 4 or 3 midpoints for the survey as appropriate to determine the CME/EMTA Reference Rate.~~

~~A survey with at least 5 usable responses shall be deemed complete.~~

~~If such survey on the termination day is complete, the arithmetic average of the survey results shall be the CME/EMTA Russian ruble per U.S. dollar Reference Rate. On the termination of trading day the reciprocal of the CME/EMTA Russian ruble per U.S. dollar Reference Rate (spot exchange rate) will then be calculated and rounded to the nearest \$.000001 per Russian ruble. This number shall become the Final Settlement Price for the Termination of Trading day.~~

~~In the event the CME/EMTA survey procedures result in less than five responses for the survey, then such survey shall be deemed incomplete and no CME/EMTA Reference Rate shall be calculated and published for that day. A notice that no rate is available for that day shall be posted by CME by approximately 1:30 p.m. Moscow time.~~

~~In order to contribute to transparency in the survey process, by not later than the next Polling Day from each survey, CME shall publish on the CME Web site as well as on the EMTA Web site the results of each day's CME/EMTA Russian ruble Reference Rate Survey, including the names of respondents to the survey and each respondent's corresponding bid and offer quotes provided in each day's survey.~~

12. Futures Final Settlement Price When the RUB MOEX (RUB05) rate is Unavailable~~Survey Cannot Be Completed For A Given Day~~

~~In the event that the RUB MOEX (RUB05) rate is determined in the sole discretion of the Exchange to be unavailable the survey cannot be completed on the CME Russian ruble/U.S. dollar futures contract Termination of Trading day, and therefore, CME cannot determine the CME/EMTA Russian ruble Reference Rate used to calculate the Final Settlement Price, then final settlement of the CME Russian ruble/U.S. dollar futures contract may be deferred or postponed for up to (but not more than) 14 consecutive calendar days. This procedure is intended to correspond to the deferral or postponement procedure followed by the NDF market pursuant to recognized market practices as published by EMTA, Inc. Upon the publication of the RUB MOEX (RUB05) rateCME/EMTA Reference Rate prior to the lapse of such 14-day period, CME shall determine the Final Settlement Price using the reciprocal of such Rate and the CME Russian ruble/U.S. dollar futures contract shall be settled on such day. If however, 14 consecutive calendar days pass without publication of the RUB MOEX (RUB05) rateCME/EMTA Reference Rate, CME shall otherwise determine the Final Settlement Price.~~

23. Deferring or Postponing Valuation and the EMTA RUB Indicative Survey Rate

~~After the lapse of 14 consecutive calendar days without publication of the RUB MOEX (RUB05) rateCME/EMTA Reference Rate, the Final Settlement Price may be calculated and published by CME on the next business day using the EMTA RUB Indicative Survey Rate, if available. The EMTA RUB Indicative Rate is a rate proposed to be published by EMTA, Inc. (or its designee) and posted on the public portion of EMTA's website following the continuous unavailability of the RUB MOEX (RUB05) rateCME/EMTA Reference Rate for 14 calendar days in order to provide the NDF market with a back-up rate source for valuation of certain outstanding non-deliverable foreign exchange transactions if the RUB MOEX (RUB05) rateCME/EMTA Reference Rate cannot be published for an extended period of time. The procedures for the EMTA RUB Indicative Survey are defined in the Interpretation to this chapter.~~

However, if EMTA fails to publish the EMTA RUB Indicative Rate following the lapse of the valuation postponement or deferral period described above, and the RUB MOEX (RUB05) rateCME/EMTA Reference Rate is also not available, then Rule 812 shall apply to determine the Final Settlement Price. See section 34.

34. When No Survey Can Be Done and the EMTA RUB Indicative Survey Does Not Provide a Rate

However, in the event that the Exchange determines that the Clearing House is not able to determine a Final Settlement Price pursuant to any of the preceding sections and the Interpretation to this chapter, then Rule 812 shall apply to determine the Final Settlement Price.

2 This time interval usually corresponds to 9:00 a.m. to 9:30 a.m. London time, 4:00 a.m. to 4:30 a.m. New York City time and 3:00 a.m. to 3:30 a.m. Chicago time.

26003. [RESERVED]

(End Chapter 260)

INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 260

Effective June 16, 2005, and as amended effective July 18, 2016, EMTA, Inc. adopted procedures for the “EMTA RUB Indicative Survey” (“RUB Indicative Survey”) to be conducted in certain circumstances when the RUB MOEX (RUB05) rate~~CME/EMTA Russian ruble Reference Rate~~ is unavailable for settlement of expiring non-deliverable forward (“NDF”) Russian ruble versus U.S. dollar transactions. The RUB Indicative Survey results in the calculation of the “EMTA RUB Indicative Survey Rate” (“RUB Indicative Survey Rate”), which can be used by the NDF market to settle non-deliverable Russian ruble/U.S. dollar transactions in defined circumstances. In order to reduce basis risk for market participants trading both NDF Russian ruble transactions and CME Russian ruble/U.S. dollar futures and options on futures contracts, CME has also adopted procedures to settle terminated CME Russian ruble/U.S. dollar futures and options contracts to the reciprocal of the RUB Indicative Survey Rate when the RUB MOEX (RUB05) rate~~CME/EMTA Russian ruble Reference Rate~~ has been unavailable for 14 consecutive calendar days. The following sets forth the EMTA methodology for the RUB Indicative Survey.

EMTA RUB Indicative Survey

For purposes of determining the EMTA RUB Indicative Survey Rate (a “RUB Indicative Survey Rate”) for any Valuation Date, upon receipt of a Valid Survey Request, EMTA (or a service provider EMTA may select in its sole discretion) shall conduct a survey of financial institutions (a “RUB Indicative Survey”) for such date.

Valid Survey Request: A “Valid Survey Request” is a request received by EMTA from not less than three unaffiliated EMTA members not later than 5 New York business days before the contemplated start of the Survey.

Polled Banks: On each day that a RUB Indicative Survey is to be conducted, EMTA shall survey no more than 30 randomly selected financial institutions that are active participants in the Russian ruble/U.S. dollar market.

Survey Question: Each survey participant will be asked to provide its reasonable judgment of what is (or, in the case of an Unscheduled Holiday, would be) the current prevailing free market Russian ruble spot rate (bid-offer pair) for a standard size Russian ruble /U.S. dollar wholesale financial transaction for settlement in one Business Day in the Moscow marketplace on the Valuation Date. In arriving at this indicative quotation, survey participants will be directed to take such factors into consideration as they deem appropriate, which factors may (but need not) include any or all of the following: the spot rate(s) implied in the offshore non-deliverable foreign exchange market for Russian ruble/U.S. dollar transactions; the spot rate implied by any other financial market transactions (to the extent that such other financial markets are open for business); the spot rate used in connection with any commercial transactions for goods or services from offshore suppliers or providers; any existing rate for trade finance transactions; and any other existing unofficial rate for Russian ruble/U.S. dollar transactions (commercial or otherwise).

Quotes: Quotes shall be provided to the fourth decimal point (e.g., 1.0000).

Price Source Disruptions and Unscheduled Holidays: (A) on any Business Day on which a Price Source Disruption has occurred or is continuing OR (b) on any Valuation Date that is NOT a Business Day, in each case following the lapse of a 14 calendar day period during which the RUB MOEX (RUB05) rate~~CME/EMTA Reference Rate~~ (“RUB CME-EMTA” and “RUB03”) shall have been continuously unavailable, EMTA shall poll survey participants beginning at approximately 2:00 PM (Moscow time)3.

Use of Survey Results

EMTA will determine the mid-point of each bid-offer pair. The arithmetic mean of the mid-points will be used to determine the RUB Indicative Survey Rate, rounded to the fourth decimal point as described below.

If the RUB Indicative Survey results in 21 or more responses, then the 4 highest and 4 lowest mid-points will be eliminated, and the arithmetic mean of the remaining responses shall be computed and will constitute the RUB Indicative Survey Rate for such Valuation Date. For purposes of eliminating the 4 highest and 4 lowest mid-points, if more than 4 mid-points have the same highest value or lowest value, then only 4 such mid-points shall be eliminated.

If the RUB Indicative Survey results in less than 21 but 12 or more responses, then the 2 highest and 2 lowest mid-points will be eliminated, and the arithmetic mean of the remaining responses shall be computed and will constitute the RUB Indicative Survey Rate for such Valuation Date. For purposes of eliminating the 2 highest and 2 lowest mid-points, if more than 2 mid-points have the same highest value or lowest value, then only 2 such mid-points shall be eliminated.

If the RUB Indicative Survey results in less than 12 but 10 or more responses, then the highest and the lowest rate will be eliminated and the arithmetic mean of the remaining responses shall be computed and will constitute the RUB Indicative Survey Rate for such Valuation Date. For purposes of eliminating the highest and lowest mid-points, if more than 1 mid-point has the same highest value or lowest value, then only 1 such mid-point shall be eliminated.

If the RUB Indicative Survey results in less than 10 but 8 or more responses, then no rate will be eliminated and the arithmetic mean of all rates obtained shall be computed and will constitute the RUB Indicative Survey Rate for such Valuation Date.

Insufficient Responses

If the RUB Indicative Survey results in less than 8 responses, no RUB Indicative Survey Rate will be available for the relevant Valuation Date.

RUB Indicative Survey Rate Publication

The RUB Indicative Survey Rate will be published on EMTA's web site (www.emta.org) (the "Publication Site") by approximately 2:45 PM (Moscow time) 4, or as soon thereafter as practicable, on the Valuation Date.

As soon as it is determined that the RUB Indicative Survey will result in Insufficient Responses, a notice that no RUB Indicative Survey Rate is available for the Valuation Date shall be published on the Publication Site.

Discontinuing the RUB Indicative Survey

The RUB Indicative Survey will be discontinued (a) following the publication of a RUB MOEX (RUB05) rate ~~CME EMTA Reference Rate (RUB CME EMTA (RUB03))~~ or (b) on the third day following polling for the RUB Indicative Survey Rate that results in less than 8 responses for more than two consecutive polling days. Notwithstanding the foregoing, nothing herein shall be construed to prevent EMTA from re-initiating the RUB Indicative Survey at an appropriate time in the future.

A notice that the RUB Indicative Survey has been discontinued will be published on the Publication Site.

Amendments to the Methodology

EMTA may, in its discretion, from time to time, make such administrative, procedural or other modifications to this Methodology as are appropriate to ensure the continued operation and integrity of the RUB Indicative Survey.

Disclaimer

EMTA (and any service provider EMTA may select) disclaim liability for the RUB Indicative Survey Rate, and no representation or warranty, express or implied, is made concerning the RUB Indicative Survey Rate (including, without limitation, the methodology for determining the RUB Indicative Survey Rate and its suitability for any particular use).

~~3 Moscow time is 8 hours earlier than New York time and 9 hours earlier than Chicago time.~~

~~4 Moscow time is 8 hours earlier than New York time and 9 hours earlier than Chicago time.~~