



Special Executive Report

S-8089

February 26, 2018

Amendments to CME Chapter 901 (Interest Rate Swaps Contract Terms) for the BRL Interest Rate Swaps Contract

Effective Sunday, March 11, 2018 for trade date Monday, March 12, 2018, and pending all relevant CFTC regulatory review periods, Chicago Mercantile Exchange Inc. ("CME" or "Exchange") shall amend CME Rule 90104. ("BRL Interest Rate Swaps Contract Terms") located in CME Chapter 901 ("Interest Rate Swaps Contract Terms") (collectively, the "Rule Amendments"). The BRL Interest Rate Swaps Contract (Commodity Code: ZCSBRL) (the "Contract") is available for submission for clearing via CME ClearPort.

EMTA (the principal trade group for the Emerging Markets trading and investment community) has published its Recommended FX and Currency Derivatives Market Practice No 81 on New Terms, for BRL/USD Non-Deliverable FX Forward and Currency Option Transactions. Market Practice No. 81 addresses, specifically, the revisions to the BRL/USD Template Terms for Non-Deliverable FX Forward and Currency Option Transactions, and, in particular, the inclusion of a new Disruption Event, "Exchange Rate Divergence."

CME is revising its rules to include exchange rate divergence as a rate source disruption event to maintain its alignment with the OTC FX market.

Appendix 1 provides the amendments to CME Chapter 901 ("Interest Rate Swaps Contract Terms") in blackline format.

Please direct questions regarding this notice to:

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Appendix 1

Chapter 901 Interest Rate Swaps Contract Terms

90104. BRL INTEREST RATE SWAPS CONTRACT TERMS

90104.C. FURTHER TERMS OF BRL IRS CONTRACTS

Each BRL IRS Contract shall be further supplemented and amended with the following provisions of this Rule 90104.C.

90104.C.12. Fallback Reference Price

In the event of a Price Source Disruption (which shall include the term “Exchange Rate Divergence” as defined in the EMTA Template Terms for BRL/USD Non-Deliverable FX Forward Transactions), the Fallback Reference Price shall be (in the following order of priority):

(a) the Spot Rate determined on the Business Day first succeeding the day on which the Price Source Disruption ceases to exist, unless the Price Source Disruption continues to exist (measured from the date, that, but for the occurrence of the Price Source Disruption, would have been the Valuation Date) for a consecutive number of calendar days equal to 30 calendar days; or

(b) determined by the Calculation Agent.