



Special Executive Report

S-8311

January 30, 2019

Addition of Swiss Franc/US Dollar and New Zealand Dollar/US Dollar Spot FX Basis Spreads on CME FX Link

Effective for trade date Tuesday, February 19, 2019, and pending all relevant CFTC regulatory review periods, Chicago Mercantile Exchange Inc. ("CME" or "Exchange") will extend the listings of CME FX Link on the CME Globex electronic trading platform to include two additional spot foreign exchange ("FX") basis spreads against the Swiss Franc/US Dollar ("CHF") and New Zealand Dollar/US Dollar ("NZD") futures contracts.

The launch of CME FX Link in March 2018 created the first-ever central limit order book between the over-the-counter ("OTC") spot FX and CME Group FX futures markets, providing OTC FX market participants with a more efficient way to access and use CME FX futures as part of their overall trading activity. See [SER-8028R](#) dated January 18, 2018.

CME FX Link will include spot FX basis spreads for the following eight (8) major CLS-eligible currency pairs on CME Globex:

1. Australian Dollar/US Dollar	5. US Dollar/Canadian Dollar
2. Euro/US Dollar	6. US Dollar/Mexican Peso
3. British Pound/US Dollar	7. US Dollar/Japanese Yen
4. New Zealand Dollar/US Dollar	8. US Dollar/Swiss Franc

Appendices A and B summarize, respectively, the specifications of the CME FX Link as well as the Exchange fee schedule for the FX Link.

For additional information about CME FX Link, please see www.cmegroup.com/fxlink.

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Appendix A

CME FX Link – Spot FX Basis Spreads on CME Globex

CME FX Link – Spread Functionality Specifications	
Eligible Currencies	AUD/USD, EUR/USD, GBP/USD, NZD/USD, USD/CAD*, USD/CHF*, USD/JPY*, and USD/MXN* (*CCY pairs quoted inversely to futures.)
Quotation	Quoted as the difference between FX futures and equivalent OTC spot notional as represented with both legs in OTC price convention.
Spread Construction	Non-Inverted Pairs: Buyer of spread buys CME futures and sells OTC spot. Inverted Pairs: Buyer of spread sells CME FX futures and sells OTC spot.
Minimum Order Quantity	AUD/USD, EUR/USD, GBP/USD, NZD/USD, USD/CAD, USD/CHF, and USD/JPY = 5 spreads. USD/MXN = 15 spreads.
Trading Venue / Hours	CME Globex: Sunday – Friday, 5:00 pm - 4:00 pm Chicago Time (CT), with a 60-minute break each day beginning at 5:00 pm (4:00 pm CT).
Spread Listing Schedule	For AUD/USD, EUR/USD, GBP/USD, USD/CAD, USD/JPY, and USD/MXN: spreads vs. front four CME FX futures expiration months. For NZD/USD and USD/CHF, spreads vs. front two CME FX futures expiration months. New spreads added 10 business days prior to the last trade date of an expiring CME FX futures.

Currency Pair	AUD/USD	EUR/USD	GBP/USD	NZD/USD	USD/CAD	USD/CHF	USD/JPY	USD/MXN
Spread Minimum Price Increment	0.00001	0.00001	0.00001	0.00001	0.00001	0.00001	0.001	0.0005
Spread Notional (per leg)	100,000 AUD	125,000 EUR	62,500 GBP	100,000 NZD	100,000 CAD	125,000 CHF	12,500,000 JPY	500,000 MXN

OTC FX Spot Leg Specifications			
Currency Pairing	Value Date	Minimum Price Increment *	Spot Notional Per One Spread **
AUD/USD	T+2	0.00001 (0.1 pip)	100,000 AUD
EUR/USD	T+2	0.00001 (0.1 pip)	125,000 EUR
GBP/USD	T+2	0.00001 (0.1 pip)	62,500 GBP
NZD/USD	T+2	0.00001 (0.1 pip)	100,000 NZD
USD/CAD	T+1	0.000001 (0.01 pip)	100,000 CAD
USD/CHF	T+2	0.000001 (0.01 pip)	125,000 CHF
USD/JPY	T+2	0.0001 (0.01 pip)	12,500,000 JPY
USD/MXN	T+2	0.00001 (0.1 pip)	500,000 MXN
Settled bilaterally via physical delivery on value date.			

CME FX Futures Leg Specifications ***			
Product Code	Contract Size	Futures Quotation	Tick
6A	100,000 AUD	USD per AUD	0.0001 (10.00 USD)
6E	125,000 EUR	USD per EUR	0.00005 (6.25 USD)
6B	62,500 GBP	USD per GBP	0.0001 (6.25 USD)
6N	100,000 NZD	USD per NZD	0.0001 (10.00 USD)
6C	100,000 CAD	USD per CAD	0.00005 (5.00 USD)
6S	125,000 CHF	USD per CHF	0.0001 (12.50 USD)
6J	12,500,000 JPY	USD per JPY	0.0000005 (6.25 USD)
6M	500,000 MXN	USD per MXN	0.00001 (5.00 USD)
Cleared via CME Clearing.			

* The minimum price increment ("MPI") of a spot FX transaction is separate and distinct from and is not necessarily a reflection of the MPI of a spot FX basis trade, which the Exchange shall determine.

** The spot notional per one spread for the USD/CAD, USD/CHF, USD/JPY, and USD/MXN currency pairings shall be defined in terms of the quote, or term, currency of each pairing rather than the base currency since the CME pricing and notional convention for related CME FX futures contracts is inverted from the over-the-counter ("OTC") convention.

*** Full product specifications for existing CME FX futures contracts are available on www.cmegroup.com/FX and in CME's Rulebook.

Appendix B

CME FX Link – Exchange Fee Schedule

	Venue/Transaction Type	FX Futures
Individual Members Clearing Equity Member Firms Rule 106.J Equity Member Firms & Rule 106.J Qualified Subsidiaries Rule 106.I Member Firms & Rule 106.I Qualified Affiliates Rule 106.S Member Approved Funds	Globex - FX Link	\$0.40
Rule 106.D Lessees Rule 106.F Employees	Globex - FX Link	\$0.50
Rule 106.R Electronic Corporate Member	Globex - FX Link	\$0.55
Rule 106.H and 106.N Firms Clearing Non-Equity Member Firms	Globex - FX Link	\$0.55
International Incentive Program (IIP) Participants International Volume Incentive Program (IVIP) Participants	Globex - FX Link	\$0.60
Central Bank Incentive Program (CBIP) Participants Emerging Markets Bank Incentive Program (EMBIP) Participants Latin American Fund Manager Incentive Program (FMIP) Participants	Globex - FX Link	\$0.80
CTA/Hedge Fund Incentive Program Participants	Globex - FX Link	\$0.60
Non-Members	Globex - FX Link	\$0.80

Volume Discounts		
On a tiered basis, the Exchange fee for FX Futures traded via CME FX Link will be reduced for trading volumes exceeding designated monthly average daily volume thresholds.		
Member Firms & Individual Members	FX Futures traded via CME FX Link	
Eligible Participants	Average Daily Volume Threshold (Sides)	Exchange Fee Discount
Individual Members Clearing Members Rule 106.J Equity Member Firms Rule 106.I Members Rule 106.S Member Approved Funds	0 - 2,000	none
	2,001 - 5,000	\$0.10
	> 5,000	\$0.20
Volume is aggregated by account owner across accounts, across clearing/billing firms. Clearing Members and their related 106.I. Member(s) accounts will be treated as one firm for purposes of the volume aggregation. For Rule 106.S Member Approved Funds, their associated volume will be aggregated with their related Rule 106.J Equity Member Firm.		