



## Special Executive Report

**DATE:** October 13, 2022

**SER#:** 9072

**SUBJECT:** Addition of U.S. Dollar/South African Rand Spot FX Basis Spreads on CME FX Link

Effective Sunday, November 20, 2022, for trade date Monday, November 21, 2022, and pending all relevant Commodity Futures Trading Commission ("CFTC") regulatory review periods, Chicago Mercantile Exchange Inc. ("CME") will extend the listings of CME FX Link on the CME Globex electronic trading platform ("CME Globex") to include spot foreign exchange ("FX") basis spreads against the South African Rand /U.S. Dollar (ZAR/USD) futures contract.

CME FX Link will include spot FX basis spreads for the following nine (9) major CLS-eligible currency pairs on CME Globex:

- Australian Dollar/US Dollar
- Euro/US Dollar
- British Pound/US Dollar
- New Zealand Dollar/US Dollar
- US Dollar/Canadian Dollar
- US Dollar/Mexican Peso
- US Dollar/Japanese Yen
- US Dollar/Swiss Franc
- US Dollar/South African Rand

Appendices 1 and 2 summarize, respectively, the specifications of the CME FX Link as well as the Exchange fee schedule for the FX Link. Appendix 3 provides updates to CME Rulebook Chapter 13 ("Spot FX Transactions").

For additional information about CME FX Link, please see [www.cmegroup.com/fxlink](http://www.cmegroup.com/fxlink).

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## APPENDIX 1

### CME FX Link – Spot FX Basis Spreads on CME Globex

CME FX Link – Spread Functionality Specifications	
<b>Eligible Currencies</b>	AUD/USD, EUR/USD, GBP/USD, NZD/USD, USD/CAD*, USD/CHF*, USD/JPY*, USD/MXN* and USD/ZAR* (*CCY pairs quoted inversely to futures.)
<b>Quotation</b>	Quoted as the difference between FX futures and equivalent OTC spot notional as represented with both legs in OTC price convention.
<b>Spread Construction</b>	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.
<b>Minimum Order Quantity</b>	AUD/USD, EUR/USD, GBP/USD, NZD/USD, USD/CAD, USD/CHF, and USD/JPY = 5 spreads. USD/MXN, USD/ZAR = 15 spreads.
<b>Trading Venue / Hours</b>	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).
<b>Spread Listing Schedule</b>	For AUD/USD, EUR/USD, GBP/USD, USD/CAD, USD/JPY, USD/MXN and USD/ZAR: spreads vs. front three CME FX futures expiration months, plus the next nearest quarterly FX futures expiration month. 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	USD/ZAR
<b>Spread Minimum Price Increment</b>	0.00001	0.000005	0.00001	0.00001	0.00001	0.00001	0.001	0.0005	0.0005
<b>Spread Notional (per leg)</b>	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	500,000 ZAR

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
USD/ZAR	T+2	0.00001 (0.1 pip)	500,000 ZAR
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	0.00005 (5.00 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	0.00005 (5.00 USD)
6C	100,000 CAD	USD per CAD	0.00005 (5.00 USD)
6S	125,000 CHF	USD per CHF	0.00005 (6.25 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)
6Z	500,000 ZAR	USD per ZAR	0.000025 (12.50 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, USD/MXN and USD/ZAR 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](http://www.cmegroup.com/FX) and in CME's Rulebook.

## APPENDIX 2

### CME FX Link – Exchange Fee Schedule

Membership Type	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 Members	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 Latin American Fund Manager Incentive Program (FMIP) Participants	Globex – FX Link	\$0.80
CTA/Hedge Fund Incentive Program Participants	Globex – FX Link	\$0.60
Members Trading Outside of Division	Globex – FX Link	\$0.80
Non-Members	Globex – FX Link	\$0.80

Volume Discounts		
On a tiered basis, the Exchange fee for <b>FX Futures traded via CME FX Link</b> 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 Equity Member Firms Rule 106.J Equity Member Firms Rule 106.I Member Firms 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.		

## APPENDIX 3

### CME Rulebook

(additions underscored; deletions ~~overstruck~~)

#### Chapter 13 Spot FX Transactions

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Appendix

Spot FX Transaction Specifications

Currency Pairing	Value Date	Minimum Price Increment *	Spot Notional Per One Futures Contract
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<u>USD/ZAR</u>	<u>T+2</u>	<u>0.00001 (0.1 pip)</u> <u>USD/ZAR</u>	<u>500,000 ZAR **</u>

#### NOTES

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ZAR = South African rand

\* 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 futures contract for the USD/CAD, USD/CHF, USD/JPY, ~~and USD/MXN,~~ and USD/ZAR 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 FX Futures contracts is inverted from the over-the-counter (OTC) convention. For example, the spot notional per one futures contract for USD/CAD, USD/CHF, USD/JPY, ~~and USD/MXN,~~ and USD/ZAR shall be defined in terms of the quote currency Canadian dollar, Swiss franc, Japanese yen, ~~and Mexican peso,~~ and South African rand respectively, and not in terms of the base currency U.S. dollar.