

**CME Chapter 13  
Spot FX Transactions**

- 1300. SCOPE OF CHAPTER**
- 1301. SPOT FX TRANSACTION SPECIFICATIONS**
- 1302. DEFINITIONS**
- 1303. GENERAL PROVISIONS**
- 1304. [RESERVED]**
- 1305. PERMITTED USER**
- 1306. END-USERS AND DIRECT PARTICIPANTS**
- 1307. EXCHANGE**
- 1308. SETTLEMENTS**
- 1309. LIMITATION OF LIABILITY**
- 1310. ENFORCEMENT**

## Chapter 13

### Spot FX Transactions

#### 1300. SCOPE OF CHAPTER

This Chapter sets forth Spot FX Transaction terms and conditions and enables their trading by Executing Counterparties solely through a spread trade functionality. Spot FX Transactions are not regulated futures contracts. Spot FX Transactions are foreign exchange transactions that, by their terms, are required to settle via actual delivery of the relevant currencies within two Business Days. For all purposes in this Chapter, reference to “Executing Counterparties” shall mean End-Users and Direct Participants that are engaged in the execution of Spot FX Transactions on the Exchange utilizing the Spot FX Basis Spread Trade functionality.

#### 1301. SPOT FX TRANSACTION SPECIFICATIONS

- 1301.A.** Spot FX Transactions shall be based upon specified currency pairings as cataloged in the Appendix to this Chapter. Spot FX Transactions shall be matched at the minimum price increments as specified in the Appendix to this Chapter.
- 1301.B.** Spot FX Transactions shall be scheduled for trading during such hours and on such days as may be determined by the Exchange.
- 1301.C.** Valid value dates shall be based upon specified currency pairings as cataloged in the Appendix to this Chapter. In general, for any currency pair, a valid value date shall be any Business Day that is a banking Business Day in the countries of issue for both currencies.

#### 1302. DEFINITIONS

“Applicable Law” means any and all applicable laws, rules, regulations, judgments, decrees, treaties, ordinances, orders and rulings, interpretations and statements of policy of any Governmental Authority or self-regulatory organization, authority, agency or body, in each case, which has jurisdiction or authority over a Permitted User or Executing Counterparty or each such institution’s operations.

“Credit Limits” means the lines and conditions of credit for the trading of Spot FX Transactions (including, without limitation, the permissible currencies, tenor, net open settlement or position limits and any other relevant limits and parameters) that are established by and between counterparties to such transactions, and applied as Trading Limits as defined herein.

“Direct Participant” means an institution that is authorized by the Primary FX Firm, in the form and manner prescribed by the Exchange, which authorization, at any time, has not been terminated or withdrawn by the Primary FX Firm, to engage in the trading of any specified Spot FX Transaction solely for the account and risk of such Direct Participant.

“Direct Participant Trading Limits” means the Trading Limits that are allocated to a Direct Participant by a Primary FX Firm.

“End-User” means with respect to a Permitted User, an institution that (a) is a prime brokerage client of such Permitted User, and (b) is authorized by such Permitted User, in the form and manner prescribed by the Exchange, which authorization, at any time, has not been terminated or withdrawn by the Permitted User, to enter into Spot FX Transactions on the Platform with a Primary FX Firm in the name and for the account and risk of such Permitted User.

“End-User Trading Limits” means the Trading Limits that are allocated to an End-User by Permitted User.

“Exchange” means Chicago Mercantile Exchange Inc.

“FX Futures Contract” means a futures contract listed for trading on or subject to the rules of the Exchange that is designated as eligible to be executed through a Spot FX Basis Spread Trade.

“General Conditions of Acceptance” means the following conditions that must be satisfied in order for a Spot FX Transaction, that comprises one leg of a Pair of Matched Transactions, to be binding among all parties to such Spot FX Transaction: (a) the Spot FX Transaction is one leg of a Pair of Matched Transactions; (b) the Spot FX Transaction is established in compliance with all applicable Trading Limits; (c) the material terms of the Spot FX Transaction are communicated in accordance with Rule 1307.D. of this Chapter; and (d) the Spot FX Transaction has not been (and is not, otherwise, required to be) cancelled by the Exchange under Rules 1307.E. and 1307.F. of this Chapter.

“Globex Credit Controls” means an electronic system provided by the Exchange as part of the Platform that allows Primary FX Firm, Permitted Users, End-Users and Direct Participants to, as applicable, set and manage Trading Limits within the configured parameters defined by the Exchange.

“Off-Setting Transaction” means a Spot FX Transaction between a Permitted User and an End-User which is equal and opposite to a concurrently established Spot FX Transaction that comprises one leg of a Pair of Matched Transactions, where each transaction results from the End User’s trading of a Spot FX Transaction on the Platform in such Permitted User’s name.

“Pair of Matched Transactions” means a pair of equal and opposite Spot FX Transactions where each such Spot FX Transaction is between a Primary FX Firm and either (a) a Permitted User or (b) a Direct Participant.

“Permitted User” means any institution that is authorized by a Primary FX Firm, in the form and manner prescribed by the Exchange, which authorization, at any time, has not been terminated or withdrawn by the Primary FX Firm, to engage in the trading of any specified Spot FX Transactions with the Primary FX Firm on the Platform through an End-User of such Permitted User.

“Permitted User Conditions of Acceptance” means the following conditions that must be satisfied in order for a Spot FX Transaction, that is an Off-Setting Transaction, to be binding among all parties to such Spot FX Transactions: (a) the Spot FX Transaction is an Off-Setting Transaction; (b) the Spot FX Transaction complies with all applicable Trading Limits; (c) the material terms of the Spot FX Transaction are communicated in accordance with Rule 1307.D. of this Chapter; and (d) such Spot FX Transaction has not been (and is not, otherwise, required to be) cancelled by the Exchange under Rules 1307.E. or 1307.F. of this Chapter.

“Permitted User Trading Limits” means the Trading Limits that are allocated to a Permitted User by a Primary FX Firm.

“Platform” means CME Globex, an electronic trading platform.

“Primary FX Firm” means an institution that contracts with CME as the provider of the Platform to provide a service whereby Permitted Users and Direct Participants may engage in Spot FX Transactions with the Primary FX Firm, as the intermediating counterparty for Pairs of Matched Transactions that comply with the General Conditions of Acceptance.

“Spot FX Basis Spread Trade” means a spread trade functionality for combining the purchase or sale of a Spot FX Transaction with the simultaneous sale or purchase of an FX Futures Contract in the same currency pairs on the Platform.

“Spot FX Transaction” means a currency purchase and sale that is bilaterally settled by the counterparties via an actual delivery of the relevant currencies within two Business Days.

“Trading Limits” means the pre-execution Credit Limits set and managed via Globex Credit Controls that are applicable to any party to any Spot FX Transaction that is traded on the Platform.

### 1303.

#### GENERAL PROVISIONS

- 1303.A.** With respect to Spot FX Transactions, the Exchange is solely a provider of the Platform and the limited services and functions specified in the Rules of this Chapter.
- 1303.B.** Primary FX Firms, Permitted Users, End-Users and Direct Participants that qualify as “Eligible Contract Participants,” as such term is defined in the Commodity Exchange Act, and the Commodity Futures Trading Commission’s regulations thereunder, and only such institutions, may enter into Spot FX Transactions.
- 1303.C.** When the Platform matches a Spot FX Basis Spread Trade it simultaneously matches the spread trade’s (a) Spot FX Transaction leg and (b) the FX Futures Contract leg.
- 1303.D.** A Spot FX Transaction and an FX Futures Contract that are matched through a Spot FX Basis Spread Trade are separately executed transactions, subject to separate legal obligations.
- 1303.E.** A Spot FX Transaction is executed when it is matched by the Platform through a Spot FX Basis Spread Trade.
- 1303.F.** Each Spot FX Basis Trade will, in respect of its Spot FX Transaction leg, result in one Pair of Matched Transactions, and where applicable Off-Setting Transaction(s).
- 1303.G.** Spot FX Transactions are not regulated futures contracts and are not executed on or subject to the rules of the Exchange in its capacity as a Designated Contract Market.
- 1303.H.** Spot FX Transactions are governed exclusively by the rules of this Chapter, and the Rules in other Chapters of the Exchange’s Rulebook, unless otherwise specified in this Chapter, are inapplicable to Spot FX Transactions.

- 1303.I.** FX Futures Contracts matched through a Spot FX Basis Spread Trade are subject to all applicable Exchange Rules, inclusive of this Chapter, and the provisions of the Commodity Exchange Act and the Commodity Futures Trading Commission's regulations thereunder.
- 1303.J.** Orders for Spot FX Basis Spread Trades can be solicited and accepted solely by persons that are registered, or exempt from registering, with the Commodity Futures Trading Commission.
- 1303.K.** Because Spot FX Transactions are executed on the Platform with FX Futures Contracts through Spot FX Basis Spread Trades, all actions taken by any Executing Counterparty (or eligible intermediary that is in compliance with Rule 1303.J. through which an Executing Counterparty executes on the Platform) during the execution of a Spot FX Transaction, including such party's trading practices, are subject to all applicable Exchange Rules, inclusive of Chapters 4 ("Enforcement of Rules"), 5 ("Trading Qualifications and Practices") and 6 ("Arbitration") of the Exchange's Rules, and the provisions of the Commodity Exchange Act and the Commodity Futures Trading Commission's regulations thereunder.
- 1303.L.** Each Spot FX Transaction is a valid and legally binding obligation of, and shall be enforceable against, the counterparties to such transactions, provided that such Spot FX Transactions (a) with respect to a Pair of Matched Transactions, satisfy the General Conditions of Acceptance, and (b) with respect to an Off-Setting Transaction, satisfy the Permitted User Conditions of Acceptance.
- 1303.M.** Spot FX Transactions that are valid and legally binding pursuant to Rule 1303.L. of this Chapter shall remain valid and legally binding, irrespective of when a Primary FX Firm's, Permitted User's, End-User's, or Direct Participant's systems, as applicable, receive, accept, recognize or process the material terms of a Spot FX Transaction that is communicated by the Exchange in accordance with Rule 1307.D. of this Chapter.
- 1303.N.** In the event of any discrepancy between the Rules of this Chapter and the terms of a bilateral agreement for entering into Spot FX Transactions, the Rules of this Chapter shall control.
- 1304.** **[RESERVED]**
- 1305.** **PERMITTED USER**
- 1305.A.** A Permitted User shall be subject to and remain at all times in compliance with the Rules of this Chapter, to the extent such Rules are applicable to a Permitted User.
- 1305.B.** A Permitted User shall at all times have all permissions, authorizations and approvals required by Applicable Law to enter into Spot FX Transactions and to set and manage End-User Trading Limits.
- 1306.** **END-USERS AND DIRECT PARTICIPANTS**
- 1306.A.** An End-User or Direct Participant shall be subject to and remain at all times in compliance with the Rules of this Chapter, to the extent such Rules are applicable to an End-User or Direct Participant.
- 1306.B.** An End-User or Direct Participant shall at all times have all permissions, authorizations and approvals required by Applicable Law to enter into Spot FX Transactions.
- 1307.** **EXCHANGE**
- 1307.A.** The Exchange shall, subject to its sole discretion, enable a functionality allowing for matching Spot FX Transactions on the Platform through Spot FX Basis Spread Trades.
- 1307.B.** The Exchange shall provide procedures and electronic systems for setting and managing Trading Limits in accordance with the Rules of this Chapter.
- 1307.C.** The Exchange shall apply and implement all Trading Limits that are set and managed in accordance with the Rules of this Chapter.
- 1307.D.** The Exchange shall report the material terms of a Spot FX Transaction to the Primary FX Firm and the applicable Permitted User, End-User and Direct Participant as soon as technologically practicable after the relevant Spot FX Transactions are matched by the Platform.
- 1307.E.** The Exchange reserves the right to adjust or cancel (bust) any Spot FX Transaction by applying the process and terms set forth in Exchange Rule 588 (Trade Cancellations and Price Adjustments), and shall, with respect to such Spot FX Transactions, also cancel the FX Futures Contract executed simultaneously with the relevant Spot FX Transaction through a Spot FX Basis Spread Trade.

**1307.F.** The Exchange shall cancel (bust) (a) any Spot FX Transaction that would (i) result in the Primary FX Firm's position as buyer (or seller) of an amount of currency under a Spot FX Transaction not being fully equal and opposite to the Primary FX Firm's positions as seller (or buyer) of the same amount under a related Spot FX Transaction in the Pair of Matched Transactions, or (ii) fail to satisfy conditions (a) through (c) of the General Conditions of Acceptance or the Permitted User Conditions of Acceptance, and (b) the FX Futures Contract executed simultaneously with such Spot FX Transaction through a Spot FX Basis Spread Trade.

**1308. SETTLEMENTS**

**1308.A.** The Exchange is not a party to and does not in any way guarantee the performance of any Spot FX Transaction.

**1308.B.** Other than with respect to any obligations assumed by Primary FX Firm as credit intermediary or as is otherwise specified by the Rules of this Chapter, Permitted Users, End-Users and Direct Participants, as applicable, are solely and completely responsible for any and all aspects of activities associated with Spot FX Transactions, including but not limited to (a) administering credit arrangements, (b) producing, maintaining and complying with post-execution documentation, and (c) managing settlements in relation to the applicable value date prescribed by the Exchange.

**1309. LIMITATION OF LIABILITY**

With respect to Permitted Users, End-Users and Direct Participants, the limitation of liability provisions in Rules 578, 579.B, and 588 of the Exchange's Rulebook shall apply to all transactions and actions taken under this Chapter.

**1310. ENFORCEMENT**

With respect to Permitted Users, End-Users and Direct Participants, the Exchange shall enforce the Rules of this Chapter by applying the process and terms set forth in Chapter 4 ("Enforcement of Rules") of the Exchange's Rulebook.

**Appendix**

**Spot FX Transaction Specifications**

Currency Pairing	Value Date	Minimum Price Increment *	Spot Notional Per One Futures Contract
AUD/USD	T+2	0.00001 (0.1 pip) USD/AUD	100,000 AUD
EUR/USD	T+2	0.000005 (0.05 pip) USD/EUR	125,000 EUR
GBP/USD	T+2	0.00001 (0.1 pip) USD/GBP	62,500 GBP
NZD/USD	T+2	0.00001 (0.1 pip) USD/NZD	100,000 NZD
USD/CAD	T+1	0.000001 (0.01 pip) USD/CAD	100,000 CAD **
USD/CHF	T+2	0.000001 (0.01 pip) USD/CHF	125,000 CHF **
USD/JPY	T+2	0.0001 (0.01 pip) USD/JPY	12,500,000 JPY **
USD/MXN	T+2	0.00001 (0.1 pip) USD/MXN	500,000 MXN **
USD/ZAR	T+2	0.00001 (0.1 pip) USD/ZAR	500,000 ZAR **

**NOTES**

AUD	=	Australian dollar
CAD	=	Canadian dollar
CHF	=	Swiss franc
EUR	=	Euro
GBP	=	British pound
JPY	=	Japanese yen
MXN	=	Mexican peso
NZD	=	New Zealand dollar
USD	=	U.S. dollar
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, 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, USD/MXN, and USD/ZAR shall be defined in terms of the quote currency Canadian dollar, Swiss franc, Japanese yen, Mexican peso, and South African rand respectively, and not in terms of the base currency U.S. dollar.