



Special Executive Report

S-5987

October 25, 2011

Clarification Regarding CME Brazilian Real/U.S. Dollar Futures and Options Daily Settlement Price Determination Times Synchronized with BM&FBOVESPA U.S. Dollar/Brazilian Real Futures

As you were notified in CME Group Special Executive Reports, S-5972, dated Thursday, October 13, 2011 and in S-5801, dated Wednesday, June 15, 2011, CME synchronized its Brazilian real (BRL)/U.S. dollar (USD) futures and options daily settlement price determination time with that of the BM&FBOVESPA U.S. dollar/Brazilian real futures contract. Although this change has been implemented since Monday, June 15, 2011, there was not operational impact until Brazil went on Daylight Saving Time over the weekend preceding Monday, October 17, 2011, when the first earlier settlement price determination occurred. This notice is to clarify that only the daily "settlement price determination" is synchronized with the time of BM&FBOVESPA's determination of the daily USD/BRL futures settlement prices, not the daily close of either open outcry or CME Globex trading. The trading hours for CME BRL/USD futures & options on futures contracts remain as follows:

Open Outcry Trading on CME Trading Floor: 7:20 AM to 2:00 PM Central Time (CT)

CME Globex Electronic Trading: 5:00 PM to 4:00 PM CT next day.

What has changed is the determination time of the daily settlement prices for the CME BRL/USD futures and options. These times now correspond to the times at which BM&FBOVESPA settles its USD/BRL futures contracts daily at 4:00 PM São Paulo time. Due to different schedules for implementation of Daylight Saving Time (DST) in Brazil and the U.S., CME now adjusts its daily settlement price determination times throughout the year and these times are either the current 2:00 PM CT for 31 continuous weeks or 1:00 PM CT for 3 continuous weeks on two separate occasions or 12:00 noon CT for 15 continuous weeks. Please note that due to the start of DST in Brazil on Sunday, October 16, 2011, the daily settlement time for CME BRL/USD futures and options contracts became 1:00 PM CT starting Monday, October 17, 2011. The daily termination of trading time for CME BRL/USD futures and options for CME Open Outcry, however, remains 2:00 PM Central Time, except for the final termination of the expiring contract month on its last day of trading, which is constant at 9:15 AM Central Time (see CME Group SER, S-5938, dated Monday, September 19, 2011).

Customers in New York City and São Paulo, Brazil had noted some difficulty hedging CME BRL/USD futures with the BM&FBOVESPA USD/BRL futures contracts. Asynchronous implementation of Daylight Saving Time (DST) in the U.S. and Brazil result in our respective settlement prices determined at three different relevant times throughout the year, and when they were different, divergent settlement prices introduced basis risk, which negatively impacted hedging effectiveness. This had been a problem for electronic market makers in the past.

S-5987

Clarification of Synchronized Daily BRL/USD Contract Settlement Price Times

October 25, 2011

Page 2 of 2

Prospective electronic market makers for the CME BRL/USD futures contract wanted to utilize the liquidity in the BM&FBOVESPA USD/BRL futures to make liquid markets here. However, for a total of about 21 weeks per year, CME and BM&FBOVESPA determined their respective Brazilian real vs. U.S. dollar futures contract daily settlement prices at different times of day due to implementation dates of DST in U.S. and Brazil. Therefore, on the remaining 31 weeks per year our daily closes & settlement prices did coincide with theirs during our U.S. Spring, Summer and Fall (Brazil's Fall, Winter and Spring). Prior to implementation of the synchronized daily settlements, this situation was a problem for market makers (they needed the settlement prices for the respective markets to be at similar levels and having them determined at the same relative time throughout the year was considered a way to facilitate this).

CME has implemented variable CME BRL/USD futures & options settlement price calculation / publishing times to synchronize with daily settlement price determination times for the BM&FBOVESPA USD/BRL futures & options. To do this, CME changed the determination time for daily CME BRL/USD futures & options settlement prices according to the following schedule:

Illustration of Settlement Times for CME BRL/USD Futures & Options Synchronized with the BM&FBOVESPA USD/BRL Futures & Options (Coincides with 4:00 PM São Paulo Time for BM&F USD/BRL Futures & Options Daily Settlements)						
Historical Intervals	Duration	Daylight Saving Time (DST) or Standard Time (ST)		# Hrs Ahead Brazil vs. Chicago	Synchronized Daily CME BR Futures Settlement Times	Impact on CME Procedures
3/13/11 to 10/16/11	31 weeks	BM&F = ST	CME = DST	2	2:00 PM*	No Chg.
10/16/11 to 11/6/11	3 weeks	BM&F = DST	CME = DST	3	1:00 PM**	1 hr. earlier
11/6/11 to 2/19/12	15 weeks	BM&F = DST	CME = ST	4	12 Noon	2 hrs. earlier
2/19/12 to 3/11/12	3 weeks	BM&F = ST	CME = ST	3	1:00 PM	1 hr. earlier
3/11/12 to 10/21/12	32 weeks	BM&F = ST	CME = DST	2	2:00 PM	No Chg.

Double lined box indicates impact over current one-year period.
*New synchronized times effective with the Sunday, June 19, 2011, implementation date for the changes.
**Brazil adopted Daylight Saving Time (DST) on Sunday, October 16, 2011. Therefore, first effective shift of the CME BRL/USD futures & options settlement times began on Monday, October 17th, when the regular BRL/USD futures & options settlement time shifted from 2:00 PM to 1:00 PM DST for Chicago.

If you have any questions, please contact either Scott Brusso (email: Scott.Brusso@cmegroup.com or ph: 312-930-3133) or Steve Youngren (email: Steve.Youngren@cmegroup.com or ph: 312-930-4583).