



## Special Executive Report

S-7090

June 2, 2014

### Amendments to Five (5) CME Cleared Over-the-Counter Foreign Exchange Spot, Forwards and Swaps Contracts

Effective Sunday, June 15, 2014 for trade date Monday, June 16, 2014, and pending all relevant CFTC regulatory review periods, the Chicago Mercantile Exchange Inc. (CME or Exchange) will amend Cleared Over-the-Counter (OTC) Foreign Exchange (FX) Spot, Forward and Swap Contracts for five (5) non-deliverable forward (NDF) currency pairs. These cleared OTC FX contracts are available for submission for clearing through CME ClearPort.

CME is amending these rules to align the rule language in these contracts with procedures used in the over-the-counter (OTC) NDF market in order to reduce basis risk for market participants as follows:

1. Adding the EMTA PEN Indicative Survey Rate as the back-up rate for the Cleared OTC U.S. Dollar/Peruvian Nuevo Sol (USD/PEN) Spot, Forwards and Swaps (Chapter 277H)
2. Adding the EMTA COP Indicative Survey Rate as the back-up rate for the Cleared OTC U.S. Dollar/Columbian Peso (USD/COP) Spot, Forwards and Swaps (Chapter 273H)
3. Adding Force Majeure rule language for the Cleared OTC U.S. Dollar/Chilean Peso (USD/CLP) Spot, Forward and Swaps (Chapter 274H)
4. Changing the value date for the Cleared OTC U.S. Dollar/Brazilian Real (USD/BRL) Spot, Forwards and Swaps (Chapter 257H) from one business day to two business days
5. Changing the value date for the Cleared OTC U.S. Dollar/Philippines Peso (USD/PHP) Spot, Forwards and Swaps (Chapter 283.H) from two business days to one business day

Exhibits 1-5 provide the amendments to CME Chapters 277H, 273H, 274H, 257H, and 283H respectively in blackline format.

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## Exhibit 1

(Additions are underlined; deletions are ~~struck through~~.)

### Chapter 277H

### Cleared OTC U.S. Dollar/ Peruvian Nuevo Sol (USD/PEN) Spot, Forwards and Swaps

#### 277H.02. CASH SETTLEMENT

##### 277H.02.A. Day of Cash Settlement

Each Cleared OTC Contract, for the valid value date for cash settlement in two business days, shall be liquidated by cash settlement at a price equal to the daily Final Settlement Price (FSP) for that day. The daily Final Settlement Price shall be equal to the "PEN INTERBANK AVE (PEN05)," which is the "Peruvian Nuevo Sol per U.S. dollar" average exchange rate published by the Banco Central de Reserva del Peru (BCRP) as the "Tipo de Cambio Interbancario Promedio" at approximately 2:00 p.m. Lima time on Reuters "PEBCR05" page, rounded to six decimal places. This rate is used widely by the interbank foreign exchange market to cash settle non-deliverable forward contracts for Peruvian Nuevo Sol versus U.S. dollars. All open positions for that valid value date for cash settlement will be cash settled in U.S. dollars based upon the difference between the Final Settlement Price for the valid value date for cash settlement and the original trade price as submitted for clearing times the notional value of the transaction in USDs divided by Final Settlement Price. In the event, this U.S. dollar amount is positive, then the Clearing House shall debit the seller's clearing member account and credit the buyer's clearing member account for this amount in U.S. dollars. In the event, this U.S. dollar amount is negative, then the Clearing House shall debit the buyer's clearing member account and credit the seller's clearing member account for this amount in U.S. dollars.

For example, if the "PEN INTERBANK AVE (PEN05)," for the valid value date for cash settlement in two business days, is as follows: MMMMM, DD - YYYY is 2.739600 PEN per USD," and the original trade price submitted for clearing by clearing firms of the buyer and seller was 2.728156 PEN per USD for a notional amount of 100,000 USD, then the Clearing House on the business day following the valid value date for cash settlement shall credit the clearing members account for the buyer with US\$417.73 (*i.e.*,  $2.739600 \text{ PEN per USD} - 2.728156 \text{ PEN per USD} = (+0.011444 \text{ PEN per USD} \times 100,000 \text{ USD}) / 2.739600 \text{ PEN per USD} = \$417.73$ ). Similarly, the Clearing House on the business day following the valid value date for cash settlement shall debit the clearing member account for the seller with US\$417.73.

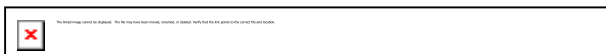
~~In the event that the PEN INTERBANK AVE (PEN05) Peruvian Nuevo Sol per U.S. dollar rate is not published on a valid date for cash settlement, then Force Majeure shall be in effect.~~

##### 277H.02.B. **[Reserved] Procedures if No Cash Settlement Price is Available**

In the event that the "PEN INTERBANK AVE (PEN05)" Peruvian Nuevo Sol per U.S. dollar rate for a valid value date for cash settlement is not published on a given day by Banco Central de Reserva del Peru (BCRP), and in order to minimize basis risk between the U.S. dollar / Peruvian Nuevo Sol cleared only contracts and the non-deliverable forward ("NDF") market, the Exchange shall determine a Final Settlement Price based on the EMTA PEN Indicative Survey Rate (PEN04), when available. The EMTA PEN Indicative Survey Rate Methodology follows this chapter in an Interpretation. In the event that the PEN INTERBANK AVE (PEN05) Peruvian Nuevo Sol per U.S. dollar rate is not published on a valid date for cash settlement and the EMTA PEN Indicative Survey does not provide a rate, then Force Majeure shall be in effect.

#### **INTERPRETATION TO CHAPTER 277H**

In order to reduce basis risk for market participants trading and/or clearing CME cleared only U.S. dollar/Peruvian Nuevo Sol spot, forwards and swaps, over-the-counter (OTC) NDF U.S. dollar / Peruvian Nuevo Sol transactions and CME Peruvian Nuevo Sol/ U.S. dollar futures and options on futures



contracts, if applicable, CME has also adopted procedures to settle terminated cleared only U.S. dollar/ Peruvian Nuevo Sol spot, forward and swap contracts to the EMTA PEN Indicative Survey Rate when the “PEN INTERBANK AVE (PEN05)” Peruvian Nuevo Sol per U.S. dollar rate is unavailable.

## I. The EMTA PEN Indicative Survey

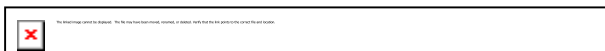
- Commencing the Indicative Survey: (A) on any Business Day on which a Price Source Disruption has occurred or is continuing OR (B) on any Valuation Date that is NOT a Business Day (or that would have been a Business Day but for the occurrence of an Unscheduled Holiday), and in each case following the lapse of a 30 calendar day period during which the primary settlement rate option shall have been continuously unavailable and as a consequence, valuation shall have been deferred or postponed, upon receipt of a Valid Survey Request, EMTA (or a service provider EMTA shall select in its sole discretion) shall conduct a survey of financial institutions for the purpose of determining the EMTA PEN Indicative Survey Rate for that day.
- Valid Survey Request: A “Valid Survey Request” is a request received by EMTA from not less than two unaffiliated EMTA members not later than 5 business days before the contemplated start of the Survey.
- Polled Banks: For purposes of determining the EMTA PEN Indicative Survey Rate for any Valuation Date, at approximately 11:00 a.m. (Lima time<sup>1</sup>), EMTA (or a service provider EMTA may select in its sole discretion) shall survey no more than 30 randomly selected financial institutions that are active participants in the Peruvian Sol/U.S. Dollar market (each, a “Participating Bank”).
- Survey Question: Each Participating Bank will be asked to provide its reasonable judgment of what is (or, in the case of an Unscheduled Holiday, would be) the current prevailing free market Peruvian Sol spot rate (bid-offer pair) for a standard size Peruvian Sol/U.S. Dollar wholesale financial transaction for same-day settlement in the Peruvian marketplace on the Valuation Date. In arriving at this indicative quotation, survey participants will be directed to take such factors into consideration as they deem appropriate, which factors may (but need not) include any or all of the following: the spot rate(s) implied in the offshore non-deliverable foreign exchange market for Peruvian Sol/U.S. Dollar transactions; the spot rate implied by any other financial market transactions (to the extent that such other financial markets are open for business); the spot rate used in connection with any commercial transactions for goods or services from offshore suppliers or providers; any existing rate for trade finance transactions; and any other existing unofficial rate for Peruvian Sol/U.S. Dollar transactions (commercial or otherwise).

## II. Calculation Methodology

- EMTA will determine the mid-point of each bid-offer pair. The arithmetic mean of the mid-points will be used to determine the PEN Indicative Survey Rate, rounded to the fourth decimal point as described below.
- If the PEN Indicative Survey results in 21 or more responses, then the 4 highest and 4 lowest mid-points will be eliminated, and the arithmetic mean of the remaining mid-points shall be computed and will constitute the PEN Indicative Survey Rate for such Valuation Date. For purposes of eliminating the 4 highest and 4 lowest mid-points, if more than 4 mid-points

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<sup>1</sup> New York time and Lima time are the same when it is Standard Time in New York. New York time is one hour ahead of Lima Time when it is Daylight Savings Time in New York. Lima does not observe Daylight Savings Time.



- have the same highest value or lowest value, then only 4 such mid-points shall be eliminated.
- If the PEN Indicative Survey results in less than 21 but 12 or more responses, then the 2 highest and 2 lowest mid-points will be eliminated, and the arithmetic mean of the remaining mid-points shall be computed and will constitute the PEN Indicative Survey Rate for such Valuation Date. For purposes of eliminating the 2 highest and 2 lowest mid-points, if more than 2 mid-points have the same highest value or lowest value, then only 2 such mid-points shall be eliminated.
- If the PEN Indicative Survey results in less than 12 but 10 or more responses, then the highest and the lowest rate will be eliminated and the arithmetic mean of the remaining midpoints shall be computed and will constitute the PEN Indicative Survey Rate for such Valuation Date. For purposes of eliminating the highest and lowest mid-points, if more than 1 mid-point has the same highest value or lowest value, then only 1 such mid-point shall be eliminated.
- If the PEN Indicative Survey results in less than 10 but 8 or more responses, then no mid-point will be eliminated and the arithmetic mean of all mid-points obtained shall be computed and will constitute the PEN Indicative Survey Rate for such Valuation Date.
- Quotes shall be provided to the fourth decimal point (e.g., 10000).

### III. Insufficient Responses

- If the PEN Indicative Survey results in less than 8 responses from Participating Banks, no PEN Indicative Survey Rate will be available for the relevant Valuation Date.

### IV. PEN Indicative Survey Rate Publication

- The PEN Indicative Survey Rate will be published on EMTA's web site ([www.emta.org](http://www.emta.org)) (the "Publication Site") by approximately 12:00 p.m. (Lima time), or as soon thereafter as practicable, on the Valuation Date.
- As soon as it is determined that the PEN Indicative Survey will result in Insufficient Responses, a notice that no PEN Indicative Survey is available for the Valuation Date shall be published on the Publication Site.

### V. Discontinuing the PEN Indicative Survey

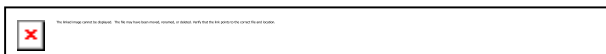
The PEN Indicative Survey will be discontinued (a) following the publication of a PEN WT AVE Rate (PEN03) (or any successor primary settlement rate option) on any Valuation Date or (b) on the third day following polling for the PEN Indicative Survey Rate that results in less than 8 responses for more than two consecutive polling days. Notwithstanding the foregoing, nothing herein shall be construed to prevent EMTA from re-initiating the PEN Indicative Survey at an appropriate time in the future.

A notice that the PEN Indicative Survey has been discontinued will be published on the Publication Site.

### VI. Amendments to the Methodology

EMTA may, in its discretion, from time to time, make such administrative, procedural or other modifications to this Methodology as are appropriate to ensure the continued operation and integrity of the PEN Indicative Survey.

### VII. Disclaimer



EMTA (and any service provider EMTA may select) disclaim liability for the PEN Indicative Survey Rate, and no representation or warranty, express or implied, is made concerning the PEN Indicative Survey Rate (including, without limitation, the methodology for determining the PEN Indicative Survey Rate and its suitability for any particular use).

## Exhibit 2

### Chapter 273H

### Cleared OTC U.S. Dollar/ Colombian Peso (USD/COP) Spot, Forwards and Swaps

#### 273H.02. CASH SETTLEMENT

##### 273H.02.A. Day of Cash Settlement

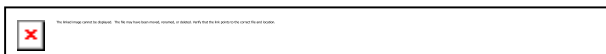
Each Cleared OTC Contract, for the valid value date for cash settlement in two Business Days, shall be liquidated by cash settlement at a price equal to the daily Final Settlement Price (FSP) for that day. The daily Final Settlement Price shall be equal to the Colombian official exchange rate – the Tasa Representativa del Mercado or TRM (also known as the Colombian Peso index) as published by Superintendencia Financiera de Colombia on the Central bank of Colombia's Web site (see [http://www.banrep.gov.co/statistics/ta\\_exchange\\_d.html](http://www.banrep.gov.co/statistics/ta_exchange_d.html) <http://www.banrep.gov.co/en/node/29467> for the daily TRM) on the valid value date for cash settlement, rounded to two decimal places. This rate is used widely by the interbank foreign exchange market to cash settle non-deliverable forward contracts for Colombian peso versus U.S. dollars. All open positions for that valid value date for cash settlement will be cash settled in U.S. dollars based upon the difference between the Final Settlement Price for the valid value date for cash settlement and the original trade price as submitted for clearing times the notional value of the transaction in USDs divided by Final Settlement Price. In the event, this U.S. dollar amount is positive, then the Clearing House shall debit the seller's clearing member account and credit the buyer's clearing member account for this amount in U.S. dollars. In the event, this U.S. dollar amount is negative, then the Clearing House shall debit the buyer's clearing member account and credit the seller's clearing member account for this amount in U.S. dollars.

For example, if the TRM for the valid value date for cash settlement in two Business Days, is as follows: "Market Exchange Rate for MMMMM, DD - YYYY is 1887.80 COP per USD," and the original trade price submitted for clearing by clearing firms of the buyer and seller was 1801.44 COP per USD for a notional amount of 100,000 USD, then the Clearing House on the Business Day following the valid value date for cash settlement shall credit the clearing members account for the buyer with US\$4,574.64 (*i.e.*, 1,887.80 COP per USD – 1,801.44 COP per USD = (+86.36 COP per USD x 100,000 USD) / 1,887.80 COP per USD) = \$4,574.64.). Similarly, the Clearing House on the Business Day following the valid value date for cash settlement shall debit the clearing member account for the seller with US\$4,574.64.

~~In the event that the "Tasa Representativa del Mercado or TRM" Colombian peso per U.S. dollar rate is not published on a valid date for cash settlement, then Force Majeure shall be in effect.~~

##### 273H.02.B. ~~Reserved Procedures if No Cash Settlement Price is Available~~

~~In the event that the "Tasa Representativa del Mercado or TRM" Colombian peso per U.S. dollar rate for a valid value date for cash settlement is not published on a given day by Superintendencia Financiera de Colombia, and in order to minimize basis risk between the U.S. dollar / Columbian peso cleared only contracts and the non-deliverable forward ("NDF") market, the Exchange shall determine a Final Settlement Price based on the EMTA COP Indicative Survey Rate (COP03), when available. The EMTA COP Indicative Survey Rate Methodology follows this chapter in an Interpretation. In the event that the "Tasa Representativa del Mercado or TRM" Colombian peso per U.S. dollar rate is not published on a valid date for cash settlement and the EMTA COP Indicative Survey does not provide a rate, then Force Majeure shall be in effect.~~



## **INTERPRETATION TO CHAPTER 273H**

In order to reduce basis risk for market participants trading and/or clearing CME cleared only U.S. dollar/Columbian peso spot, forwards and swaps, over-the-counter (OTC) NDF U.S. dollar / Colombian peso transactions and CME Colombian peso/ U.S. dollar futures and options on futures contracts, if applicable, CME has also adopted procedures to settle terminated cleared only U.S. dollar/ Colombian peso spot, forward and swap contracts to the EMTA COP Indicative Survey Rate when the “Tasa Representativa del Mercado or TRM” Colombian peso per U.S. dollar rate is unavailable.

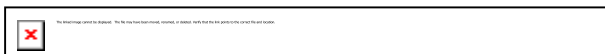
### I. The EMTA COP Indicative Survey

- Commencing the Indicative Survey: (A) on any Business Day on which a Price Source Disruption has occurred or is continuing OR (B) on any Valuation Date that is NOT a Business Day (or that would have been a Business Day but for the occurrence of an Unscheduled Holiday), and in each case following the lapse of a 30 calendar day period during which the primary settlement rate option shall have been continuously unavailable and as a consequence valuation shall have been deferred or postponed, upon receipt of a Valid Survey Request, EMTA (or a service provider EMTA shall select in its sole discretion) shall conduct a survey of financial institutions for the purpose of determining the EMTA COP Indicative Survey Rate for that day.
- Valid Survey Request: A “Valid Survey Request” is a request received by EMTA from not less than two unaffiliated EMTA members not later than 5 business days before the contemplated start of the Survey.
- Polled Banks: For purposes of determining the EMTA COP Indicative Survey Rate for any Valuation Date, at approximately 11:30 a.m. (Bogotá time<sup>2</sup>), EMTA (or a service provider EMTA may select in its sole discretion) shall survey no more than 30 randomly selected financial institutions that are active participants in the Colombian Peso / U.S. Dollar market (each, a “Participating Bank”).
- Survey Question: Each Participating Bank will be asked to provide its reasonable judgment of what is (or, in the case of an Unscheduled Holiday, would be) the current prevailing free market Colombian Peso spot rate (bid-offer pair) for a standard size Colombian Peso/U.S. Dollar wholesale financial transaction for same-day settlement in the Colombian marketplace on the Valuation Date. In arriving at this indicative quotation, survey participants will be directed to take such factors into consideration as they deem appropriate, which factors may (but need not) include any or all of the following: the spot rate(s) implied in the offshore non-deliverable foreign exchange market for Colombian Peso/U.S. Dollar transactions; the spot rate implied by any other financial market transactions (to the extent that such other financial markets are open for business); the spot rate used in connection with any commercial transactions for goods or services from offshore suppliers or providers; any existing rate for trade finance transactions; and any other existing unofficial rate for Colombian Peso / U.S. Dollar transactions (commercial or otherwise).

### II. Calculation Methodology

- EMTA will determine the mid-point of each bid-offer pair. The arithmetic mean of the mid-points will be used to determine the COP Indicative Survey Rate, rounded to the fourth decimal point as described below.
- If the COP Indicative Survey results in 21 or more responses, then the 4 highest and 4 lowest mid-points will be eliminated, and the arithmetic mean of the remaining mid-points shall be computed and will constitute the COP Indicative Survey Rate for such Valuation Date. For

<sup>2</sup> New York time and Bogotá time are the same when it is Standard Time in New York. New York time is one hour ahead of Bogotá Time when it is Daylight Savings Time in New York. Bogotá does not observe Daylight Savings Time.



purposes of eliminating the 4 highest and 4 lowest mid-points, if more than 4 mid-points have the same highest value or lowest value, then only 4 such mid-points shall be eliminated

- If the COP Indicative Survey results in less than 21 but 12 or more responses, then the 2 highest and 2 lowest mid-points will be eliminated, and the arithmetic mean of the remaining mid-points shall be computed and will constitute the COP Indicative Survey Rate for such Valuation Date. For purposes of eliminating the 2 highest and 2 lowest mid-points, if more than 2 mid-points have the same highest value or lowest value, then only 2 such mid-points shall be eliminated.
- If the COP Indicative Survey results in less than 12 but 10 or more responses, then the highest and the lowest rate will be eliminated and the arithmetic mean of the remaining midpoints shall be computed and will constitute the COP Indicative Survey Rate for such Valuation Date. For purposes of eliminating the highest and lowest mid-points, if more than 1 mid-point has the same highest value or lowest value, then only 1 such mid-point shall be eliminated.
- If the COP Indicative Survey results in less than 10 but 8 or more responses, then no mid-point will be eliminated and the arithmetic mean of all mid-points obtained shall be computed and will constitute the COP Indicative Survey Rate for such Valuation Date.
- Quotes shall be provided to the fourth decimal point (e.g., 10000).

### III. Insufficient Responses

- If the COP Indicative Survey results in less than 8 responses from Participating Banks, no COP Indicative Survey Rate will be available for the relevant Valuation Date.

### IV. COP Indicative Survey Rate Publication

- The COP Indicative Survey Rate will be published on EMTA's web site ([www.emta.org](http://www.emta.org)) (the "Publication Site") by approximately 12:30 p.m. (Bogotá time), or as soon thereafter as practicable, on the Valuation Date.
- As soon as it is determined that the COP Indicative Survey will result in Insufficient Responses, a notice that no COP Indicative Survey is available for the Valuation Date shall be published on the Publication Site.

### V. Discontinuing the COP Indicative Survey

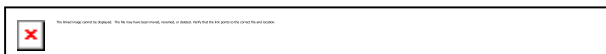
The COP Indicative Survey will be discontinued (a) following the publication of a COP TRM Rate (COP02) (or any successor primary settlement rate option) on any Valuation Date or (b) on the third day following polling for the COP Indicative Survey Rate that results in less than 8 responses for more than two consecutive polling days. Notwithstanding the foregoing, nothing herein shall be construed to prevent EMTA from re-initiating the COP Indicative Survey at an appropriate time in the future.

A notice that the COP Indicative Survey has been discontinued will be published on the Publication Site.

### VI. Amendments to the Methodology

EMTA may, in its discretion, from time to time, make such administrative, procedural or other modifications to this Methodology as are appropriate to ensure the continued operation and integrity of the COP Indicative Survey.

### VII. Disclaimer



EMTA (and any service provider EMTA may select) disclaim liability for the COP Indicative Survey Rate, and no representation or warranty, express or implied, is made concerning the COP Indicative Survey Rate (including, without limitation, the methodology for determining the COP Indicative Survey Rate and its suitability for any particular use).

### Exhibit 3

#### Chapter 274H

#### Cleared OTC U.S. Dollar/ Chilean Peso (USD/CLP) Spot, Forwards\* and Swaps

##### 274H.02.B. Procedures if No Cash Settlement Price is Available

In the event that the "CLP DÓLAR OBS (CLP10)" Chilean pesos per U.S. dollar rate for a valid value date for cash settlement is not published on a given day by Banco Central de Chile, and in order to minimize basis risk between the U.S. dollar / Chilean peso cleared only contracts and the non-deliverable forward ("NDF") market, the Exchange shall determine a Final Settlement Price based on the EMTA CLP Indicative Survey Rate (CLP11), when available. The EMTA CLP Indicative Survey Rate Methodology follows this chapter in an Interpretation. In the event that the "CLP DÓLAR OBS (CLP10)" Chilean pesos per U.S. dollar rate is not published on a valid date for cash settlement and the EMTA CLP Indicative Survey does not provide a rate, then Force Majeure shall be in effect.

### Exhibit 4

#### Chapter 257H

#### Cleared OTC U.S. Dollar/ Brazilian Real (USD/BRL) Spot, Forwards and Swaps

##### 257H.02.A. Day of Cash Settlement

Each Cleared OTC Contract, for a valid value date for cash settlement in ~~one~~two Business Days, shall be liquidated by cash settlement at a price equal to the daily Final Settlement Price for that day.

### Exhibit 5

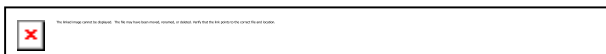
#### Chapter 283H

#### Cleared OTC U.S. Dollar/ Philippines Peso (USD/PHP) Spot, Forwards and Swaps

##### 283H.02.A. Day of Cash Settlement

Each Cleared OTC Contract, for the valid value date for cash settlement in ~~two~~one Business Days, shall be liquidated by cash settlement at a price equal to the daily Final Settlement Price (FSP) for that day. The daily Final Settlement Price shall be equal to the "PHP PDSPEO (PHP06)" which is the "Philippines peso per U.S. dollar" spot exchange rate at 11:30 a.m. Manila time (9:30 p.m. CT in winter or 10:30 p.m. CT in summer on the preceding evening), expressed as the amount of Philippine pesos per one U.S. dollar, for settlement in two Business Days, reported as the weighted average of all foreign exchange transactions done through the electronic Philippine Dealing System (PDS) during the preceding Business Day pursuant to Circular Letter dated July 30, 1992 of the Bangko Sentral ng Pilipinas. This rate is used widely by the interbank foreign exchange market to cash settle non-deliverable forward contracts for Philippine peso versus U.S. dollars. Reuters quotes this spot rate on its page PDSPEO (PHP06) to the right of the caption "AM WT AVE." All open positions for that valid value date for cash settlement will be cash settled in U.S. dollars based upon the difference between the Final Settlement Price for the valid value date for cash settlement and the original trade price as submitted for clearing times the notional value of the transaction in USDs divided by Final Settlement Price. In the event, this U.S. dollar amount is positive, then the Clearing House shall debit the seller's clearing member account and credit the buyer's clearing member account for this amount in U.S. dollars. In the event, this U.S. dollar amount is negative, then the Clearing House shall debit the buyer's clearing member account and credit the seller's clearing member account for this amount in U.S. dollars.

For example, if the "PHP PDSPEO (PHP06)," for the valid value date for cash settlement in ~~two~~one Business Days, is as follows: MMMM, DD - YYYY is 42.673 PHP per USD," and the original trade price





submitted for clearing by clearing firms of the buyer and seller was 42.619 PHP per USD for a notional amount of 100,000 USD, then the Clearing House on the Business Day following the valid value date for cash settlement shall credit the clearing members account for the buyer with US\$126.54 (*i.e.*,  $42.673 \text{ PHP per USD} - 42.619 \text{ PHP per USD} = (+0.054 \text{ PHP per USD} \times 100,000 \text{ USD}) / 42.673 \text{ PHP per USD} = +\$126.54$ ). Similarly, the Clearing House on the Business Day following the valid value date for cash settlement shall debit the clearing member account for the seller with US\$126.54.

In the event that the “PHP PESPESO (PHP06)” Philippines peso per U.S. dollar rate is not published on a valid date for cash settlement, then Force Majeure shall be in effect.

