

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 24-373

Organization: Chicago Mercantile Exchange Inc. ("CME")

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 10/16/24 Filing Description: Addition of US Dollar/Offshore Chinese Renminbi Spot FX Basis Spreads on CME FX Link and Related Amendments to Appendix A ("Spot FX Transactions") of CME Rulebook Chapter 13 ("Spot FX Transactions")

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

Rule Numbers: See filing.

New Product

Please note only ONE product per Submission.

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

Product Terms and Conditions (product related Rules and Rule Amendments)

- Certification § 40.6(a)
- Certification Made Available to Trade Determination § 40.6(a)
- Certification Security Futures § 41.24(a)
- Delisting (No Open Interest) § 40.6(a)
- Approval § 40.5(a)
- Approval Made Available to Trade Determination § 40.5(a)
- Approval Security Futures § 41.24(c)
- Approval Amendments to enumerated agricultural products § 40.4(a), § 40.5(a)
- "Non-Material Agricultural Rule Change" § 40.4(b)(5)
- Notification § 40.6(d)

Official Name(s) of Product(s) Affected:

Rule Numbers:

October 16, 2024

VIA ELECTRONIC PORTAL

Mr. Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

**Re: CFTC Regulation 40.6(a) Certification. Addition of US Dollar/Offshore Chinese Renminbi Spot FX Basis Spreads on CME FX Link and Related Amendments to Appendix A of CME Rulebook Chapter 13 (“Spot FX Transactions”).
CME Submission No. 24-373**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) certifies to the Commodity Futures Trading Commission (“CFTC” or “Commission”) the addition of US Dollar/Offshore Chinese Renminbi Spot FX basis spreads on CME FX Link and related new amendments to Appendix A (“Spot FX Transaction Specifications”) of CME Rulebook Chapter 13 (“Spot FX Transactions”) (collectively, the “Rule Amendments”) effective on trade date Monday, November 25, 2024.

The addition of US Dollar/Offshore Chinese Renminbi Spot FX basis spreads will bring the number of currency pairs available on CME FX Link to ten (10).

Spot FX transactions are only executable on the CME Globex electronic trading platform (“CME Globex”) through basis spread trades. CME provides pre-trade credit control tools for these spot transactions. CME does not, however, clear or settle any spot trade. But for discrete exceptions specifically noted in Chapter 13, spot transactions will be governed by bilateral over-the-counter (“OTC”) contractual arrangements between institutional FX market participants.

Exhibit A below provides amendments to Chapter 13 in blackline format.

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the following Core Principles may be impacted by this initiative as follows:

- **Availability of General Information:** The Rule Amendments will be publicly available on CME Group’s website. The Exchange will also publish a Special Executive Report (“SER”) to notify the marketplace of the Rule Amendments. The SER will also be available on CME Group’s website.
- **Execution of Transactions:** USD/CNH Spot FX transactions and USD/CNH FX futures will be executed openly and competitively through basis spread trades on CME Globex.

- **Protection of Market Participants:** Because spot FX transactions in USD/CNH will be executed with CME USD/CNH futures through basis spread trades, actions taken during their execution will be subject to the Exchange’s trade practice requirements and any related CEA provision and Commission regulation.
- **Disciplinary Procedures:** CME will enforce Chapter 13 by applying the process and terms set forth in Chapter 4 of the Exchange’s rulebook (“Enforcement of Rules”).
- **Dispute Resolution:** Because spot FX transactions in USD/CNH will be executed with CME USD/CNH futures through basis spread trades, actions taken during their execution will be subject to applicable Exchange arbitration requirements.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the Rule Amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to this proposal.

The Exchange certifies that this submission has been concurrently posted on the Exchange’s website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

Should you have any questions concerning the above, please contact the undersigned at 312-466-7478 or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Timothy Elliott
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A - Amendments to CME Rulebook Chapter 13 (“Spot FX Transactions”) – Appendix (“Spot FX Transaction Specifications”) (blackline format)

EXHIBIT A

CME Rulebook (additions underscored)

Chapter 13 **Spot FX Transactions**

...

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
<u>USD/CNH</u>	<u>T+2</u>	<u>0.0001 (1 pip)</u> <u>USD/CNH</u>	<u>100,000 USD</u>
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
<u>CNH</u>	=	<u>Offshore Chinese renminbi</u>
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.

[End of Chapter.]