

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 20-275

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 07/10/20 Filing Description: Amendments to the Options Characteristics Rule and the Exercise and Assignment Rule for Options on the South African Rand/US Dollar ("ZAR/USD") Futures Contracts and Options on the Russian Ruble/US Dollar ("RUB/USD") Futures Contracts and the Continuation of the Temporary Suspension of Trading and Clearing

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:

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: See Filing.

Rule Numbers: See Filing.

July 10, 2020

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. Notification Regarding Amendments to the Options Characteristics Rule and the Exercise and Assignment Rule for Options on the South African Rand/US Dollar ("ZAR/USD") Futures Contracts and Options on the Russian Ruble/US Dollar ("RUB/USD") Futures Contracts and the Continuation of the Temporary Suspension of Trading and Clearing.
CME Submission No. 20-275**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") is certifying to the Commodity Futures Trading Commission ("CFTC" or "Commission") amendments to the Options Characteristics Rule and the Exercise and Assignment Rule for Options on South African Rand/US Dollar ("ZAR/USD") Futures and Options on Russian Ruble/US Dollar ("RUB/USD") Futures contracts (the "Contracts") listed in Appendix A effective Sunday, August 16, 2020 for trade date Monday, August 17, 2020. In addition, the Exchange will continue to suspend trading of the Contracts temporarily until Sunday, August 16, 2020 for trade date Monday, August 17, 2020 (collectively, the "Rule Amendments"). The Exchange currently lists monthly and weekly options on ZAR/USD options and RUB/USD options for trading on the CME trading floor¹ and the CME Globex electronic trading platform and for submission for clearing only on CME ClearPort. These options have no open interest.

The Exchange previously notified the Commission of certain amendments and suspension of trading and clearing of the Contracts (See CME Submission No. [20-248](#) dated June 5, 2020.)

The Rule Amendments are intended to align the Contracts more closely with OTC FX option market conventions and thereby enhance trading and clearing of the Contracts. These changes also align the Contracts more closely to their most liquid companion futures markets.

Amendments to the Options Characteristics Rules relate to the futures contract expiration months on which the options are based. Amendments to the Exercise and Assignment Rules relate to the time of exercise or tiered settlement procedures.

Appendix A provides the commodity codes and changes for the Contracts where CME will amend the

¹ CME Group closed its Chicago trading floor as of the close of business Friday, March 13, 2020, as a precaution to reduce large gatherings that can contribute to the spread of coronavirus in line with the advice of medical professionals. Updates can be found at:

<https://www.cmegroup.com/company/information.html>

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Options Characteristics Rule and the Exercise and Assignment Rule. Appendix B provides amendments to the rulebook chapters 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 Rule Amendments may have some bearing on the following Core Principles:

- **Availability of General Information:** The Exchange will release a Special Executive Report (“SER”) regarding the actions described herein. The SER will also be posted on the CME Group website.
- **Daily Publication of Trading Information:** CME will continue to publish contract trading volumes, open interest levels, and price information daily on its website and through quote vendors for the Contracts.
- **Execution of Transactions:** Upon termination of the suspension, the Contracts will continue to be listed for trading on the CME trading floor and the CME Globex electronic trading platform. These trading venues provide for competitive and open execution of transactions. At that time, the Contracts will resume activity on the CME Globex electronic trading platform and for submission of clearing via CME ClearPort.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), CME hereby certifies that the Rule Amendments comply with the Act, including the regulations under the Act. There were no substantive opposing views to the 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 (212) 299-2200 or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments:

Appendix A - Amendments to Option Characteristics and Exercise and Assignment Rules
Appendix B - Amendments to CME Chapters 259A and 260A (blackline format)

Appendix A

Commodity Codes and Options Characteristics and Exercise and Assignment Changes

| Contract Title | Rulebook Chapter | Commodity Code | Current Rule | Amended Rule |
|-------------------------|------------------|----------------|--|--|
| RUB/USD Monthly Options | 260A | RU | 11:00 AM Moscow time on the underlying's LTD (15 th day of the contract month) | 12:30 PM Moscow time two days prior to underlying's LTD |
| | | | The underlying futures contract is the same as the option contract month (i.e., the January futures is the contract underlying the January option) | The underlying futures contract is the nearest March quarterly cycle (i.e., March, June, September and December) contract month that has not yet terminated trading |
| RUB/USD Weekly Options | 260A | RU1-5 | 2:00 PM on those Fridays that are not also the termination of trading of a monthly option | 12:30 PM Moscow time on those Fridays that are not also the termination of trading of a monthly option |
| | | | For weekly options that expire before the monthly option, the underlying futures contract is the same as the option contract month. For weekly options that expire after the monthly option, the underlying futures contract is the futures contract of the next consecutive calendar month. | The underlying futures contract is the nearest futures contract in the March quarterly cycle (i.e., March, June, September and December) that has not yet terminated trading |
| RUB/USD Futures Fixing | 260A | ZRU | N/A | <p>Tier 1 Take the 60-second average of sale (trade) prices, weighted by volume from 12:29:00 to 12:29:59 p.m. Moscow time on the day of determination of the CME currency fixing price.</p> <p>Tier 2 If less than twenty or no sales (trades) occurred during the 60-second interval noted above, take the midpoint of each bid & ask spread where available and average the resulting midpoints over the 60-second interval.</p> <p>Tier 3 If no sales (trades) and no bid and ask prices occurred during the 60-second interval, then Exchange staff shall derive the CME currency fixing price (as a synthetic futures price) from quote vendor spot rates and appropriate maturity forward points.</p> |
| ZAR/USD Monthly Options | 259A | RA | The underlying futures contract is the same as the option contract month (i.e., the January futures is the contract underlying the January option) | The underlying futures contract is the nearest March quarterly cycle (i.e., March, June, September and December) contract month that has not yet terminated trading |

| | | | | |
|------------------------|------|-------|---|--|
| ZAR/USD Weekly Options | 259A | 1N-5N | For weekly options that expire before the monthly option, the underlying futures contract is the same as the option contract month. For weekly options that expire after the monthly option, the underlying futures contract is the futures contract of the next consecutive calendar month. | The underlying futures contract is the nearest futures contract in the March quarterly cycle (i.e., March, June, September and December) that has not yet terminated trading |
| ZAR/USD Futures Fixing | 259A | ZRA | <p>Tier 1 Take the 60-second average of sale (trade) prices, weighted by volume from 8:59:00 to 8:59:59 a.m. on the day of determination of the CME currency fixing price.</p> <p>Tier 2 If less than twenty or no sales (trades) occurred during the 60-second interval, then Exchange staff shall derive the CME currency fixing price (as a synthetic futures price) from quote vendor spot rates and appropriate maturity forward points.</p> | <p>Tier 1 Take the 60-second average of sale (trade) prices, weighted by volume from 8:59:00 to 8:59:59 a.m. on the day of determination of the CME currency fixing price.</p> <p>Tier 2 If less than twenty or no sales (trades) occurred during the 60-second interval, take the midpoint of each bid & ask spread where available and average the resulting midpoints over the 60-second interval.</p> <p>Tier 3 If no sales (trades) and no bid and ask prices occurred during the 60-second interval, then Exchange staff shall derive the CME currency fixing price (as a synthetic futures price) from quote vendor spot rates and appropriate maturity forward points.</p> |

Appendix B
CME Rulebook

(additions underlined; deletions ~~struck through~~)

Chapter 260A
Options on Russian Ruble/U.S. Dollar (RUB/USD) Futures

260A01. OPTIONS CHARACTERISTICS

260A01.D. Underlying Futures Contract

1. Monthly Options

The underlying futures contract is the ~~same as the option contract month (i.e., the January futures is the contract underlying the January option)~~ nearest futures contract in the March quarterly cycle (i.e., March, June, September and December) that has not yet terminated trading.

2. Weekly Options

For weekly Russian ruble/U.S. dollar option contract listings, the underlying futures contract is the nearest futures contract in the ~~consecutive contract month~~ March quarterly cycle (i.e., March, June, September and December) that has not yet terminated trading. ~~For example, for Russian ruble/U.S. dollar option contract listings, the February futures is the underlying futures contract for weekly options expiring after the termination of trading for the January futures and options on January 15th and up to and including the termination of trading for the February futures and options on February 15th.~~

260A01.H. Termination of Trading

1. Monthly Options

Trading in monthly options on the Russian ruble/U.S. dollar futures contract shall terminate at ~~the same date and time as~~ 12:30 p.m. Moscow time two days prior to the underlying futures contract. If the foregoing date for termination is a scheduled Exchange holiday, trading in monthly options shall terminate on the immediately preceding Business Day. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

2. Weekly Friday Options

Trading in weekly Friday options shall terminate at ~~the close of trading (usually 2:00 p.m.)~~ 12:30 p.m. Moscow time on those Fridays that are not also the termination of trading of a monthly option as described in the immediately preceding paragraph. If the foregoing date for termination is a scheduled Exchange holiday, trading in weekly Friday options shall terminate on the immediately preceding Business Day. In the event that the underlying futures market does not open on the scheduled expiration day, the option expiration shall be extended to the next day on which the underlying futures market is open for trading.

260A03. EXERCISE AND ASSIGNMENT

260A03.A.1. Exercise of Options by Buyer

All in-the-money options are automatically exercised by the Clearing House on the day of expiration for the option. All out-of-the-money options are abandoned by the Clearing House on the day of expiration for the option. To determine whether an option is in or out of the money on this day, the Exchange shall calculate the relevant "CME currency fixing price" from GLOBEX-traded underlying futures contracts as follows:

Tier 1 Take the 60-second average of sale (trade) prices, weighted by volume from 12:29:00 to 12:29:59 p.m. Moscow time on the day of determination of the CME currency fixing price.

Tier 2 If less than twenty or no sales (trades) occurred during the 60-second interval noted above, take the midpoint of each bid & ask spread where available and average the resulting midpoints over the 60-second interval.

Tier 3 If no sales (trades) and no bid and ask prices occurred during the 60-second interval, then Exchange staff shall derive the CME currency fixing price (as a synthetic futures price) from quote vendor spot rates and appropriate maturity forward points.

An option is in-the-money if the fixing price of the underlying futures contract lies above or is equal to the exercise price in the case of a call, or lies below the exercise price in the case of a put.

Chapter 259A

Options on South African Rand/U.S. Dollar (ZAR/USD) Futures

259A01. OPTIONS CHARACTERISTICS

259A01.D. Underlying Futures Contract

1. Monthly Options

~~The underlying futures contract is the same as the option contract month (i.e., the January futures is the contract underlying the January option) nearest futures contract in the March quarterly cycle (i.e., March, June, September and December) that has not yet terminated trading.~~

2. Weekly Friday Options

~~For weekly Friday South African rand/U.S. dollar options the underlying futures contract is the nearest futures contract in the March quarterly cycle (i.e., March, June, September and December) that has not yet terminated trading that expire before the monthly option, the underlying futures contract is the same as the option contract month. For weekly Friday South African rand/U.S. dollar options that expire after the monthly option, the underlying futures contract is the futures contract of the next consecutive calendar month. For example, if Friday, May 9th is the expiration of the monthly option (whose underlying futures contract is the May futures), then for the option expiring Friday, May 2nd, the underlying futures contract is the May futures. In this same example, for the options expiring on the Fridays, May 16th, May 23rd, and May 30th, the underlying futures contract is the June futures.~~

259A03. EXERCISE AND ASSIGNMENT

259A03.A. Exercise of Options by Buyer

All in-the-money options are automatically exercised by the Clearing House on the day of expiration for the option. All out-of-the-money options are abandoned by the Clearing House on the day of expiration for the option. To determine whether an option is in or out of the money on this day, the Exchange shall calculate the relevant "CME currency fixing price" from GLOBEX-traded underlying futures contracts as follows:

Tier 1 Take the 60-second average of sale (trade) prices, weighted by volume from 8:59:00 to 8:59:59 a.m. on the day of determination of the CME currency fixing price.

Tier 2 If less than twenty or no sales (trades) occurred during the 60-second interval, ~~then~~ take the midpoint of each bid & ask spread where available and average the resulting midpoints over the 60-second interval.

Tier 3 If no sales (trades) and no bid and ask prices occurred during the 60-second interval, then Exchange staff shall derive the CME currency fixing price (as a synthetic futures price) from quote vendor spot rates and appropriate maturity forward points.

An option is in-the-money if the fixing price of the underlying futures contract at termination lies above or is equal to the exercise price in the case of a call, or lies below the exercise price in the case of a put.