

**SUBMISSION COVER SHEET**

**IMPORTANT:** Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 14-465

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

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): November 6, 2014 Filing Description: Listing of US Dollar/Chilean Peso (USD/CLP) Futures

**SPECIFY FILING TYPE**

Please note only ONE choice allowed per Submission.

**Organization Rules and Rule Amendments**

- |                          |                                     |            |
|--------------------------|-------------------------------------|------------|
| <input type="checkbox"/> | Certification                       | § 40.6(a)  |
| <input type="checkbox"/> | Approval                            | § 40.5(a)  |
| <input type="checkbox"/> | Notification                        | § 40.6(d)  |
| <input type="checkbox"/> | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/> | SIDCO Emergency Rule Change         | § 40.10(h) |

**Rule Numbers:**

**New Product**

Please note only ONE product per Submission.

- |                                     |                                       |            |
|-------------------------------------|---------------------------------------|------------|
| <input checked="" type="checkbox"/> | Certification                         | § 40.2(a)  |
| <input type="checkbox"/>            | Certification Security Futures        | § 41.23(a) |
| <input type="checkbox"/>            | Certification Swap Class              | § 40.2(d)  |
| <input type="checkbox"/>            | Approval                              | § 40.3(a)  |
| <input type="checkbox"/>            | Approval Security Futures             | § 41.23(b) |
| <input type="checkbox"/>            | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/>            | Swap Submission                       | § 39.5     |

Official Product Name: CME US Dollar/Chilean Peso (USD/CLP) Futures

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

- |                          |   |                      |
|--------------------------|---|----------------------|
| <input type="checkbox"/> | Certification   | § 40.6(a)            |
| <input type="checkbox"/> | Certification Made Available to Trade Determination     | § 40.6(a)            |
| <input type="checkbox"/> | Certification Security Futures                          | § 41.24(a)           |
| <input type="checkbox"/> | Delisting (No Open Interest)                            | § 40.6(a)            |
| <input type="checkbox"/> | Approval  | § 40.5(a)            |
| <input type="checkbox"/> | Approval Made Available to Trade Determination          | § 40.5(a)            |
| <input type="checkbox"/> | Approval Security Futures                               | § 41.24(c)           |
| <input type="checkbox"/> | Approval Amendments to enumerated agricultural products | § 40.4(a), § 40.5(a) |
| <input type="checkbox"/> | “Non-Material Agricultural Rule Change”                 | § 40.4(b)(5)         |
| <input type="checkbox"/> | Notification  | § 40.6(d)            |

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

Rule Numbers:

November 6, 2014

**VIA ELECTRONIC PORTAL**

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

**RE: CFTC Regulation 40.2(a) Certification. Notification Regarding the Listing of US Dollar/Chilean Peso (USD/CLP) Futures.  
CME Submission No. 14-465**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) is notifying the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it is self-certifying the listing of the US Dollar/Chilean Peso (USD/CLP) futures contract (“USD/CLP futures”). USD/CLP futures will be listed for trading on CME Globex and for submission for clearing on CME ClearPort effective on Sunday, November 23, 2014 for trade date Monday, November 24, 2014.

Section 1 of this certification letter summarizes the contract terms and conditions of USD/CLP futures. Sections 2 and 3 set forth the requisite changes to CME Rulebook Chapter 5 in regard, respectively, to position accountability and reportable positions and to non-reviewable trading ranges on the CME Globex. Section 4 addresses compliance with pertinent Core Principles for Designated Contract Markets (“Core Principles”) as set forth in the Commodity Exchange Act (“Act” or “CEA”). Appendix A contains the contract specifications. Appendix B sets forth the CME rulebook chapter for USD/CLP futures. Appendix C spells out the requisite amendments to CME Rulebook Chapter 5 with respect to the proposed position limits. Appendix D contains the cash market overview and analysis of Chilean peso deliverable supply that CME used to determine the proposed position limits. Appendix E details the requisite amendments to CME Rulebook Chapter 5 with respect to the proposed non-reviewable trading ranges. Lastly, Appendix F summarizes the fee schedule for USD/CLP futures.

***Section 1 — Terms and Conditions of USD/CLP Futures***

The new USD/CLP futures contract shall be cash settled; will be quoted using over-the-counter pricing conventions of Chilean pesos per U.S. dollar; will feature a notional contract size of 100,000 U.S. dollars; and trade in a minimum tick size of 0.01 Chilean pesos per one U.S. dollar (1,000 CLP) for outright and calendar spread transactions. Since USD/CLP futures will be quoted on a flipped basis that is the inverse of the traditional CME pricing convention for foreign exchange (FX) futures, pays and collects in USD/CLP futures will be translated from Chilean pesos and banked in U.S. dollars daily. CME Globex trading hours for USD/CLP futures will be 5:00 p.m. to 4:00 p.m. Central time, Sunday through Friday. ClearPort submission for clearing hours will be 5:00 p.m. to 4:15 p.m. CT, Sunday through Friday. Trading in expiring USD/CLP futures contracts will cease at 9:15 a.m. CT on the last Santiago, Chile business day of the month preceding the expiring contract month. USD/CLP futures will have an expiry schedule that covers two years (*i.e.*, 12 consecutive calendar months plus four expiries in the March quarterly cycle). At launch, USD/CLP futures will initially offer trading in the January 2015 through December 2015 serial expiries in addition to the March 2016 through December 2016 quarterly expiries. USD/CLP futures will have a spot month limit of 5,000 contracts and all months position limits of 10,000 contracts; will be eligible for all-or-none (AON), block, and exchange-for-related-positions (EFRP) transactions; and will have a reportable level of 25 contracts.

On the business day following the last trading day, CME Clearing will liquidate all open positions in expiring USD/CLP futures by cash settlement at a final settlement price equal to the daily observed Chilean peso per U.S. dollar spot exchange rate that is calculated and distributed by the Banco Central de Chile (BCC), the central bank of the Republic of Chile. The BCC publishes the observed rate daily but with a one day time delay. As a result, CME Clearing will conduct final pays and collects on the business day following the last trading day in USD/CLP futures. This “T+1” final settlement process is identical to the methodology that CME Clearing currently employs to cash settle expiring Brazilian Real/U.S. Dollar futures contracts. The BCC publishes the observed rate at approximately 10:30 a.m. Santiago time (*i.e.*, In Chicago, 6:30 a.m. same day in the winter and 8:30 a.m. same day in the summer). The BCC observed rate is widely used by the interbank foreign exchange market to cash settle non-deliverable forward contracts for U.S. dollars versus Chilean pesos and thus is considered the industry benchmark for the U.S. dollar/Chilean peso exchange rate. The BCC observed rate is currently published on the BCC website ([www.bcentral.cl](http://www.bcentral.cl)), Reuters screen “CLPOB=”, and Bloomberg page “PCRCDOOB”.

Appendix A summarizes the proposed salient features of USD/CLP futures.

Appendix B contains CME Rulebook Chapter 345 on the proposed trading terms and conditions of USD/CLP futures.

### **Section 2 – Reportable Positions and Position Accountability**

USD/CLP futures will have spot month position limits of 5,000 contracts and all months position limits of 10,000 contracts. In addition, USD/CLP futures will have a reportable position level of 25 contracts, which is typical for CME FX futures contracts. The Position Limit, Position Accountability and Reportable Level Table and Header Notes located in the Interpretations and Special Notices Section of Chapter 5 of the CME Rulebook has been amended to reflect the proposed limits for USD/CLP futures. Appendix C, which CME is attaching under separate cover, summarizes these proposed limits.

### **Section 3 – CME Globex Non-Reviewable Trading Ranges**

The non-reviewable trading ranges that apply to trading in USD/CLP futures on CME Globex will resemble, in the main, those that apply to CME standard-sized FX futures. Appendix D references these ranges.

### **Section 4 – Compliance with Core Principles**

CME Group’s Research and Legal Departments have determined that the new product terms and conditions certified herein bear upon on the following Core Principles:

#### **Core Principle 2 – Compliance with Rules**

Trading in USD/CLP futures will be subject to CME Rulebook Chapter 4, which includes prohibitions against fraudulent, noncompetitive, unfair, and abusive practices. Additionally, trading in USD/CLP futures will be subject to the Exchange’s trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the CME Rulebook. As with all products listed for trading on one of CME Group’s designated contract markets, trading activity in USD/CLP futures will be subject to monitoring and surveillance by CME Group’s Market Regulation Department. The Market Regulation Department has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.

#### **Core Principle 3 – Contracts Not Readily Subject to Manipulation**

CME believes the BCC observed rate is not readily susceptible to cash market manipulation as required by CFTC Core Principle 3.

First, under the Central Bank Act of 1989, the BCC is empowered to regulate the Chilean peso-US dollar exchange rate market, the Formal Exchange Market (FEM) that determines daily observed rate, and the 34 domestic banks and broker-dealers that the BCC has certified to participate in the FEM. The Chilean peso-US dollar exchange rate market, the FEM and its participants, and the observed rate thus fall under the market purview, regulations, and penalties of the BCC.

1 North End Avenue New York, NY 10282 T 212 299 2200 F 212 299 2299 [christopher.bowen@cmegroup.com](mailto:christopher.bowen@cmegroup.com) [cmegroup.com](http://cmegroup.com)

Second, the BCC observed rate is transaction-based. Unlike bids or offers, which have no actual economic validation, the observed rate is composed of actual Chilean peso-US dollar transactions that represent real economic risk exposure for FEM participants. Since FEM participants are required to assume real economic risks by participating in the FEM, the observed rate is not readily susceptible to cash market manipulation.

Third, the BCC observed rate is based on an average of large trade-weighted Chilean peso-US dollar transactions that occur between FEM participants and the BCC. The average ticket size of FEM transactions is \$10 million, which is equivalent to 100 USD/CLP futures contracts. The average daily volume of FEM transactions is \$600 million, which equates to 6,000 USD/CLP futures.<sup>1</sup>

Fourth, the BCC observed rate is subject to daily price limits. Daily price banding insulates the BCC observed rate from large and uncharacteristic market deviations that otherwise may detrimentally influence the computation of the BCC observed rate.

Fifth, the BCC observed rate is a global industry pricing benchmark for Chilean peso-US dollar transactions that is used by a large, diverse group of Chilean peso-US dollar market participants operating outside of the FEM. The BCC has heavily invested in continuously monitoring and validating the observed rate so that the rate remains market relevant and does not impair the BCC's market credibility and standing as a central bank and market regulator.

#### ***Core Principle 4 – Prevention of Market Disruption***

Trading in USD/CLP futures shall be subject to the rulebook of the CME designated contract market, which includes prohibitions on manipulation, price distortion, and disruption to the physical delivery process. As with any new product listed for trading on a CME Group designated contract market, trading activity in the futures contracts proposed herein will be subject to monitoring and surveillance by CME Group's Market Regulation Department.

#### ***Core Principle 5 – Position Limits or Accountability***

USD/CLP futures will have spot month position limits of 5,000 contracts and all months position limits of 10,000 contracts. As a basis for determining these proposed limits, CME has adopted three metrics.

First, CME has defined the deliverable grade for the cash-settled USD/CLP futures as equal to the M1 money supply of the Republic of Chile. In general terms, Chilean M1 money supply consists of currency in circulation plus demand deposits, such as checking and savings accounts. Chilean M1 is the narrowest and most conservative definition of Chile's deliverable currency stock available on a spot market basis.

Second, CME has recommended spot month position limits for USD/CLP futures that are equal to one percent of Chilean M1 money supply, rounded to the nearest 5,000-contract increment. The Exchange believes one percent is a reasonable level since it is well below the 25 percent maximum threshold of estimated deliverable supply that the CFTC stipulates for determining the speculative spot month limits of a futures contract as codified in Part 150 of the Commodity Exchange Act ("CEA" or "Act").

Third, CME has proposed all months position limits for USD/CLP futures that are equal to two percent of Chilean M1 money supply, rounded to the nearest 5,000-contract increment. Again, the Exchange believes two percent is a conservative level as it is substantially below the Commission's 25 percent maximum threshold for determining speculative limits.

---

<sup>1</sup> See *EM Currency Handbook 2014: Diverging Currencies*, Deutsche Bank Securities Inc., December 2013, page 118.

Appendix E contains the cash market overview and analysis that CME used to determine the proposed limits for USD/CLP futures.

***Core Principle 7 – Availability of General Information***

CME shall publish on its website information in regard to futures contract specifications, terms, and conditions, as well as daily trading volume, open interest, and price information for USD/CLP futures.

***Core Principle 8 – Daily Publication of Trading Information***

CME shall publish contract trading volumes, open interest levels, and price information daily on its website and through quote vendors for USD/CLP futures.

***Core Principle 9 – Execution of Transactions***

USD/CLP futures will be listed for trading on the CME Globex electronic trading platform. This trading venue provides for competitive and open execution of transactions. CME Globex affords, moreover, the benefits of reliability and global connectivity.

CME Globex non-reviewable trading ranges for USD/CLP futures will be as follows:

USD/CLP Futures:      40 ticks      (40 minimum price increments)

***Core Principle 10 – Trade Information***

All requisite trade information for USD/CLP futures shall be included in the audit trail and will suffice for the Market Regulation Department to monitor for market abuse.

***Core Principle 11 – Financial Integrity of Transactions***

USD/CLP futures will be cleared by CME Clearing, which is registered with the CFTC as a derivatives clearing organization, and which is subject to all Commission regulations related thereto.

***Core Principle 12 – Protection of Markets and Market Participants***

CME Rulebook Chapters 4 and 5 set forth multiple prohibitions that preclude intermediaries from disadvantaging their customers. These rules apply to trading in all of the Exchange's competitive trading venues and will apply to transactions in USD/CLP futures.

***Core Principle 13 – Disciplinary Procedures***

CME Rulebook Chapter 4 provides for the Exchange to discipline, suspend, or expel members or market participants who violate the rules of the Exchange. Trading in USD/CLP futures will be subject to these provisions. The Market Regulation Department has the authority to exercise its powers of enforcement in the event that rule violations in these products are identified.

***Core Principle 14 – Dispute Resolution***

Disputes with respect to USD/CLP futures will be subject to the arbitration provisions set forth in CME Rulebook Chapter 6, which allow all nonmembers to submit claims for financial losses resulting from transactions on the Exchange to arbitration. Pursuant to these provisions, any member named as a respondent in any such claim submitted by a nonmember is required to participate in arbitration proceedings. Additionally, the Exchange requires members to resolve via arbitration all disputes concerning transactions on the Exchange.

CME certifies that USD/CLP futures comply with the Act and rules thereunder. 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 212-299-2200 or via e-mail at [Christopher.Bowen@cmegroup.com](mailto:Christopher.Bowen@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachments:

- Appendix A – Contract Specifications
- Appendix B – CME Rulebook Chapter 345
- Appendix C – Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CME Rulebook (attached under separate cover)
- Appendix D – CME Rule 588.H. Globex Non-Reviewable Trading Ranges
- Appendix E – Cash Market Overview and Analysis of Deliverable Supply
- Appendix F – Fee Schedule

## Appendix A

### U.S. Dollar/Chilean Peso (USD/CLP) Futures

<b>Description</b>	Cash-settled contract referencing exchange rate between Chilean Pesos and U.S. Dollars.
<b>Product Code</b>	CHL
<b>CME Rulebook Chapter</b>	345
<b>Contract Size</b>	100,000 U.S. Dollars
<b>Contract Months</b>	12 consecutive calendar month contracts plus a second year in the March quarterly cycle.
<b>Quotation</b>	Quoted in Chilean Pesos per one (1) U.S. Dollar.
<b>Minimum Price Fluctuation (and Tick Value)</b>	Outrights and calendar spreads quoted in multiples of 0.01 Chilean Pesos per U.S. Dollar (1,000 CLP per contract).
<b>Daily Settlement</b>	Settlement prices established at 14:00 Chicago time.
<b>Last Trading Day</b>	Trading in expiring futures will cease at 09:15 Chicago time on the last Santiago business day of the month preceding the expiring contract month. The final settlement price shall equal the spot exchange rate of Chilean peso per U.S. dollar that is reported by the Banco Central de Chile (BCC) at approximately 10:30 Santiago time (i.e., In Chicago, 06:30 same day during the winter and 08:30 same day during the summer).
<b>Contract Settlement</b>	Financial settlement
<b>Final Settlement Price</b>	The Final Settlement Price shall be equal to the spot exchange rate of the Chilean peso per U.S. dollar, "CLP DÓLAR OBS (CLP10)", as reported for that day by the BCC for the formal exchange market that appears on the Reuters screen "CLPOB=" and Bloomberg page "PCRCDOOB" at approximately 10:30 Santiago time and rounded to 2 decimal places. All open positions shall be cash settled to this rate on the Business Day following the last Business Day of the month for the BCC.
<b>Trading Hours</b>	CME Globex: Sunday – Friday, 17:00 – 16:00 Chicago time, no 17:00 session on Friday. CME ClearPort: Sunday – Friday, 17:00 – 16:15 Chicago time, no 17:00 session on Friday.
<b>Block Trade</b>	50
<b>Exchange for Related Physicals (EFRPs)</b>	Allowed
<b>Matching Algorithm</b>	First In, First Out

## **Appendix B**

### **Chapter 345**

#### **U.S. Dollar/Chilean Peso (USD/CLP) Futures**

##### **34500. SCOPE OF CHAPTER**

This chapter is limited in application to U.S. dollar/Chilean peso futures. In addition to this chapter, U.S. dollar/Chilean peso futures shall be subject to the general rules and regulations of the Exchange insofar as applicable.

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

##### **34501. TRADING SPECIFICATIONS**

###### **34501.A. Trading Schedule**

Futures contracts shall be scheduled for trading and final settlement during such hours and in such months as may be determined by the Exchange.

###### **34501.B. Trading Unit**

The unit of trading shall be 100,000 U.S. dollars.

###### **34501.C. Price Increments**

Minimum price fluctuations shall be in multiples of 0.01 Chilean pesos per U.S. dollar, equivalent to 1,000 CLP per contract.

###### **34501.D. Position Limits, Exemptions, Position Accountability and Reportable Levels**

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

###### **34501.E. [Reserved]**

###### **34501.F. [Reserved]**

###### **34501.G. Termination of Trading**

Futures trading shall terminate on the last Business Day of the month, immediately preceding the contract month, on which the Banco Central de Chile (BCC) is scheduled to publish its final end-of-month (EOM) spot exchange rate of Chilean pesos per U.S. dollar. If the foregoing date for termination is a holiday for the Exchange and GLOBEX®, futures trading shall terminate on the next preceding Business Day for either the Exchange or GLOBEX®.

###### **34501.H. [Reserved]**

##### **34502. SETTLEMENT PROCEDURES**

###### **34502.A. [Reserved]**

###### **34502.B. Cash Settlement**

All U.S. dollar/Chilean peso futures contracts remaining open after the close of trading on the termination of trading day shall be liquidated by cash settlement at a price equal to the Final Settlement Price, "CLP DÓLAR OBS (CLP10)," as reported by the Banco Central de Chile (BCC) for the formal exchange market which appears on Reuters screen "CLPOB=" and Bloomberg page "PCRCDOOB" at approximately 10:30 a.m. Santiago



time (i.e., In Chicago, 6:30 a.m. same day in the winter and 8:30 a.m. same day in the summer) and rounded to 2 decimal places. This rate is widely used by the interbank foreign exchange market to cash settle non-deliverable forward contracts for U.S. dollars versus Chilean pesos. All open positions shall be cash settled to this rate on the Business Day following the last Business Day of the month for the BCC.

1. Procedures if No BCC CLP10 Rate is Available

In the event that there is a price source disruption and the CLP10 rate is not calculated by the BCC and/or broadcasted on the U.S. dollar/Chilean peso futures contract termination of trading day, and in order to minimize basis risk between the U.S. dollar/Chilean peso futures contracts and the non-deliverable forward (“NDF”) market, the Exchange may determine a Final Settlement Price rounded to 2 decimal places based upon the EMTA CLP Indicative Survey Rate, when available. The EMTA CLP Indicative Survey Rate Methodology follows this chapter in an Interpretation. Upon consultation with EMTA, Inc., the Clearing House shall determine if the expiring U.S. dollar/Chilean peso futures contract shall be cash settled using the EMTA CLP Indicative Survey Rate, or deferred for cash settlement to a subsequent day.

2. Procedures if EMTA Determines a Price Materiality Percentage is Met on a Futures Contract Termination Day.

Also, if, on a U.S. dollar/Chilean peso futures contract termination of trading day, there is a price source disruption where EMTA determines that a price materiality percentage for the U.S. dollar/Chilean peso primary rate source BCC CLP10 rate was met (e.g., 3% or more deviation of the day’s BCC CLP10 rate from the EMTA CLP Indicative Survey Rate as determined for the same day), then final settlement of the expiring U.S. dollar/Chilean peso futures contract may be deferred or postponed for up to (but not more than) 30 consecutive calendar days. The procedure is intended to correspond to the deferral or postponement procedure followed by the NDF market pursuant to recognized market practices as published by EMTA, Inc. Upon consultation with EMTA, Inc., the Clearing House shall determine if the expiring U.S. dollar/Chilean peso futures contract shall be cash settled using the EMTA CLP Indicative Survey Rate, or deferred for cash settlement to a subsequent day.

3. Procedures if BCC CLP10 Rate is Available after Commencement of a Deferral Period

Upon publication of the BCC CLP10 rate after a deferral period commences, and provided no price materiality percentage was met for that day, CME shall determine the Final Settlement Price using such Rate rounded to 2 decimal places and the U.S. dollar/Chilean peso futures contract shall be settled on such day. If, however, 30 consecutive calendar days pass without publication of the BCC CLP10 rate, CME shall otherwise determine the Final Settlement Price. See section 4.

4. Procedures after 30-Day Deferral Period

After the lapse of 30 consecutive calendar days without publication of the BCC CLP10 rate, and without prior final settlement to other backup procedures, the Final Settlement Price may be calculated and published by CME on the next Business Day rounded to 2 decimal places using the EMTA CLP Indicative Survey Rate, when applicable and posted on the public portion of EMTA’s website for valuation of outstanding non-deliverable U.S. dollar/Chilean peso transactions. The procedures for the EMTA CLP Indicative Survey Rate are defined in the Interpretation to this chapter.

However, in the event that the Exchange determines that the Clearing House is unable to determine a Final Settlement Price pursuant to any of the preceding sections and the

Interpretation to this chapter, then Rule 812 shall apply to determine the Final Settlement Price.

34503.

**[RESERVED]**

(End Chapter 345)

#### **INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 345**

EMTA CLP Indicative Survey Rate Methodology

Dated as of August 1, 2006

Capitalized terms not defined below are defined in the 1998 FX and Currency Option Definitions as published by the International Swaps and Derivatives Association, Inc. EMTA, Inc. and the Foreign Exchange Committee.

I. The EMTA CLP 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 CLP 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 CLP Indicative Survey Rate for any Valuation Date, at approximately 11:00 a.m. (Santiago time ), 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 Chilean 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 Chilean Peso spot rate (bid-offer pair) for a standard size Chilean Peso/U.S. Dollar wholesale financial transaction for same-day settlement in the Chilean 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 Chilean 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 Chilean 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 CLP Indicative Survey Rate, rounded to the fourth decimal point as described below.

If the CLP 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 CLP 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 have the same highest value or lowest value, then only 4 such mid-points shall be eliminated.

If the CLP 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 CLP 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 CLP 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 CLP 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 CLP 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 CLP Indicative Survey Rate for such Valuation Date.

Quotes shall be provided to the fourth decimal point (e.g., 10000).

## III. Insufficient Responses

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

## IV. CLP Indicative Survey Rate Publication

The CLP 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. (Santiago time), or as soon thereafter as practicable, on the Valuation Date.

As soon as it is determined that the CLP Indicative Survey will result in Insufficient Responses, a notice that no CLP Indicative Survey is available for the Valuation Date shall be published on the Publication Site.

## V. Discontinuing the CLP Indicative Survey

The CLP Indicative Survey will be discontinued (a) following the publication of a CLP DOLAR OBS Rate (CLP10) (or any successor primary settlement rate option) on any Valuation Date or (b) on the third day following polling for the CLP 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 CLP Indicative Survey at an appropriate time in the future.

A notice that the CLP 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 CLP Indicative Survey.

VII. Disclaimer

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

## **Appendix C**

### **Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CME Rulebook**

(attached under separate cover)

## **Appendix D**

### **U.S. Dollar/Chilean Peso (USD/CLP) Futures**

#### **CME Rule 588.H. Globex Non-Reviewable Trading Ranges**

(Additions are underlined)

<b>Instrument</b>	<b>Non-Reviewable Range (NRR) in Globex® Format</b>	<b>NRR including Unit of Measure</b>	<b>NRR Ticks</b>
<u>USD/CLP Futures</u>	<u>40</u>	<u>40 ticks</u>	<u>40</u>

## **Appendix E**

### **Cash Market Overview and Analysis of Deliverable Supply**

Chicago Mercantile Exchange (CME or Exchange) plans to launch a new U.S. Dollar/Chilean Peso (USD/CLP) futures contract for trading on CME Globex and for submission for clearing through CME ClearPort effective on Sunday, November 23, 2014 for trade date **Monday, November 24, 2014**. As part of the CFTC certification process, CME is submitting a cash market overview and analysis of deliverable supply in support of the proposed spot and all month position limits for USD/CLP futures.

#### **Recommendation**

The Exchange recommends the following:

- Establish a spot month position limit of **5,000** contracts in USD/CLP futures.
- Establish an all months position limit of **10,000** contracts in USD/CLP futures.
- Implement proposed recommendations at contract launch.

#### **Analysis**

As a basis for providing a uniform and methodical analysis of the position limits for the new USD/CLP futures, we have adopted three metrics to frame our analysis quantitatively.

First, we define the deliverable grade for USD/CLP futures as equal to the M1 money supply of the Republic of Chile. In general terms, Chilean M1 money supply consists of currency in circulation plus demand deposits, such as checking and savings accounts. Chilean M1 is the narrowest and most conservative definition of Chile's deliverable currency stock available on a spot market basis. Chilean M1 data is readily available from the economic database of the Federal Reserve Bank of St. Louis (FRED).<sup>2</sup>

Second, we recommend spot month position limits for the new USD/CLP futures equal to one percent of Chilean M1 money supply, rounded to the nearest 5,000-contract increment. We believe one percent is a reasonable level since it is well below the 25 percent maximum threshold of estimated deliverable supply that the Commodity Futures Trading Commission (CFTC) stipulates for determining the speculative spot month limits of a futures contract as codified in Part 150 of the Commodity Exchange Act.

Third, we recommend all months position limits for the new USD/CLP futures equal to two percent of Chilean M1 money supply, rounded to the nearest 5,000-contract increment. Again, we believe two percent is a conservative level as it is substantially below the CFTC's 25 percent maximum threshold for determining speculative limits.

#### **A. USD/CLP Futures**

##### **• *Currency Background***

The Chilean peso is the national currency of the Republic of Chile. According to the 2013 Triennial Central Bank Survey conducted by the Bank for International Settlements, the Chilean peso is the 28th most traded currency in the world and the third most traded currency in Latin America.<sup>3</sup> Although the Chilean peso is a freely convertible currency, it is not part of the CLS global cash settlement system, an

---

<sup>2</sup> See <https://research.stlouisfed.org/fred2/series/MANMM101CLM189S#>.

<sup>3</sup> See *Triennial Central Bank Survey: Global Foreign Exchange Market Turnover in 2013*, Bank for International Settlements, September 2013, table 2, page 10, <http://www.bis.org/publ/rpfx13.htm>.

international payment versus payment settlement service that mitigates settlement risk for foreign currency transactions of its settlement members and their customers through central bank accounts.

- ***Contract Descriptions***

CME plans to launch USD/CLP futures on Monday, November 24, 2014 for trading on CME Globex and for submission for clearing through CME ClearPort. USD/CLP futures are a cash settled contract that will be quoted using over-the-counter conventions (i.e., Chilean pesos per U.S. dollar) with a notional contract size of 100,000 U.S. dollars; monthly and quarterly contract listings out two years; and a minimum tick size of 0.01 Chilean pesos per U.S. dollar (1,000 CLP). Since USD/CLP futures will be quoted on a flipped basis, pays and collects will be translated and banked in U.S. dollars twice daily. CME Globex trading hours are 5:00 p.m. to 4:00 p.m. Central time, Sunday through Friday. ClearPort submission for clearing hours are 5:00 p.m. to 4:15 p.m. CT, Sunday through Friday. Trading in expiring contracts ceases at 9:15 a.m. CT on the last Santiago, Chile business day of the month preceding the expiring contract month. USD/CLP futures are eligible for all-or-none (AON), block, and EF RP transactions.

Appendices 1 and 2 (above) summarize the salient features and CME rulebook chapter for USD/CLP futures.

- ***Price Reporting Agency***

On the business day following the last trading day, CME Clearing will liquidate all open positions in the new USD/CLP futures by cash settlement at a final settlement price equal to the spot Chilean peso per U.S. dollar exchange rate that is calculated and distributed by the Banco Central de Chile (BCC), the central bank of the Republic of Chile. The BCC publishes its U.S. dollar/Chilean peso exchange rate daily but with a one day time delay. As a result, CME Clearing will conduct final pays and collects on the business day following the last trading day in USD/CLP futures. This “T+1” final settlement process is identical to the methodology that CME Clearing currently employs to cash settle expiring Brazilian Real/U.S. Dollar futures contracts. The BCC publishes its U.S. dollar/Chilean peso exchange rate at approximately 10:30 a.m. Santiago time (i.e., In Chicago, 6:30 a.m. same day in the winter and 8:30 a.m. same day in the summer). The BCC’s U.S. dollar/Chilean peso exchange rate is widely used by the interbank foreign exchange market to cash settle non-deliverable forward contracts for U.S. dollars versus Chilean pesos and thus is considered the industry benchmark for the U.S. dollar/Chilean peso exchange rate. The BCC’s Chilean peso per U.S. dollar exchange rate is currently published on Reuters screen “CLPOB=” and Bloomberg page “PCRCDOOB”. The FX Team believes BCC’s U.S. dollar/Chilean peso exchange rate is not readily susceptible to cash market manipulation as required by CFTC Core Principle #3.

- ***Cash Market Analysis***

Exhibit 1 summarizes Chilean M1 money supply on a monthly basis between September 2011 and August 2014. During this three-year period, Chilean M1 increased by 38.3 percent to 23.3 trillion pesos.

- ***Spot Month Contract Position Limit***

The FX Team proposes a spot month position limit of 5,000 contracts for the new USD/CLP futures. The notional value of this limit averaged 1.29% of Chilean M1 between September 2011 and August 2014. The FX Team determined the proposed 5,000-contract spot month limit by pegging the spot month limit equal to one percent of Chilean M1 and then rounding to the nearest 5,000-contract increment based on August 2014 data.



- **All Months Contract Position Limit**

The FX Team proposes an all months position limit of 10,000 contracts for the new USD/CLP futures. The notional value of this limit averaged 2.58% of Chilean M1 between September 2011 and August 2014. The FX Team determined the proposed 10,000-contract all months limit by pegging the all months limit equal to two percent of Chilean M1 and then rounding to the nearest 5,000-contract increment based on August 2014 data.

### Exhibit 1: Chilean Peso Position Limit Analysis

	Chilean M1* Money Supply (CLP)	Contract Size (USD)	EOM USD/CLP Spot Exchange Rate	Contract Size (CLP)	Contract Position Limit	Spot Month				All Months				
						Value of Limit Level (CLP)	% of M1	1.0%	Rounded to Nearest 5,000 Contracts	Contract Position Limit	Value of Limit Level (CLP)	% of M1	2.0%	Rounded to Nearest 5,000 Contracts
September 2011	16,823,889,766,210	100,000	519.75	51,975,000	5,000	259,875,000,000	1.54%	3,237	5,000	10,000	519,750,000,000	3.09%	6,474	5,000
October 2011	17,227,750,080,335	100,000	490.20	49,020,000	5,000	245,100,000,000	1.42%	3,514	5,000	10,000	490,200,000,000	2.85%	7,029	5,000
November 2011	17,384,450,548,824	100,000	515.75	51,575,000	5,000	257,875,000,000	1.48%	3,371	5,000	10,000	515,750,000,000	2.97%	6,741	5,000
December 2011	17,651,548,122,958	100,000	519.55	51,955,000	5,000	259,775,000,000	1.47%	3,397	5,000	10,000	519,550,000,000	2.94%	6,795	5,000
January 2012	17,650,262,454,069	100,000	491.55	49,155,000	5,000	245,775,000,000	1.39%	3,591	5,000	10,000	491,550,000,000	2.78%	7,181	5,000
February 2012	17,740,297,131,768	100,000	479.48	47,948,000	5,000	239,740,000,000	1.35%	3,700	5,000	10,000	479,480,000,000	2.70%	7,400	5,000
March 2012	17,888,982,499,952	100,000	488.35	48,835,000	5,000	244,175,000,000	1.36%	3,663	5,000	10,000	488,350,000,000	2.73%	7,327	5,000
April 2012	18,197,001,137,310	100,000	485.05	48,505,000	5,000	242,525,000,000	1.33%	3,752	5,000	10,000	485,050,000,000	2.67%	7,503	10,000
May 2012	18,433,604,043,465	100,000	516.38	51,638,000	5,000	258,190,000,000	1.40%	3,570	5,000	10,000	516,380,000,000	2.80%	7,140	5,000
June 2012	18,156,399,737,015	100,000	501.07	50,107,000	5,000	250,535,000,000	1.38%	3,624	5,000	10,000	501,070,000,000	2.76%	7,247	5,000
July 2012	18,451,255,558,970	100,000	482.40	48,240,000	5,000	241,200,000,000	1.31%	3,825	5,000	10,000	482,400,000,000	2.61%	7,650	10,000
August 2012	18,286,820,708,611	100,000	480.58	48,058,000	5,000	240,290,000,000	1.31%	3,805	5,000	10,000	480,580,000,000	2.63%	7,610	10,000
September 2012	18,661,242,599,290	100,000	474.70	47,470,000	5,000	237,350,000,000	1.27%	3,931	5,000	10,000	474,700,000,000	2.54%	7,862	10,000
October 2012	18,712,637,675,659	100,000	481.02	48,102,000	5,000	240,510,000,000	1.29%	3,890	5,000	10,000	481,020,000,000	2.57%	7,780	10,000
November 2012	18,903,028,878,901	100,000	480.87	48,087,000	5,000	240,435,000,000	1.27%	3,931	5,000	10,000	480,870,000,000	2.54%	7,862	10,000
December 2012	19,179,712,295,281	100,000	479.20	47,920,000	5,000	239,600,000,000	1.25%	4,002	5,000	10,000	479,200,000,000	2.50%	8,005	10,000
January 2013	19,487,341,068,460	100,000	471.25	47,125,000	5,000	235,625,000,000	1.21%	4,135	5,000	10,000	471,250,000,000	2.42%	8,270	10,000
February 2013	19,633,356,382,180	100,000	473.04	47,304,000	5,000	236,520,000,000	1.20%	4,150	5,000	10,000	473,040,000,000	2.41%	8,301	10,000
March 2013	19,908,173,722,381	100,000	472.15	47,215,000	5,000	236,075,000,000	1.19%	4,216	5,000	10,000	472,150,000,000	2.37%	8,433	10,000
April 2013	19,915,609,709,159	100,000	471.04	47,104,000	5,000	235,520,000,000	1.18%	4,228	5,000	10,000	471,040,000,000	2.37%	8,456	10,000
May 2013	20,068,033,938,629	100,000	500.82	50,082,000	5,000	250,410,000,000	1.25%	4,007	5,000	10,000	500,820,000,000	2.50%	8,014	10,000
June 2013	20,486,531,970,348	100,000	508.42	50,842,000	5,000	254,210,000,000	1.24%	4,029	5,000	10,000	508,420,000,000	2.48%	8,059	10,000
July 2013	20,949,317,535,560	100,000	513.57	51,357,000	5,000	256,785,000,000	1.23%	4,079	5,000	10,000	513,570,000,000	2.45%	8,158	10,000
August 2013	21,003,643,275,820	100,000	510.20	51,020,000	5,000	255,100,000,000	1.21%	4,117	5,000	10,000	510,200,000,000	2.43%	8,233	10,000
September 2013	21,216,154,455,725	100,000	504.67	50,467,000	5,000	252,335,000,000	1.19%	4,204	5,000	10,000	504,670,000,000	2.38%	8,408	10,000
October 2013	20,890,785,385,934	100,000	513.56	51,356,000	5,000	256,780,000,000	1.23%	4,068	5,000	10,000	513,560,000,000	2.46%	8,136	10,000
November 2013	21,517,064,552,742	100,000	532.27	53,227,000	5,000	266,135,000,000	1.24%	4,043	5,000	10,000	532,270,000,000	2.47%	8,085	10,000
December 2013	21,624,000,932,569	100,000	525.45	52,545,000	5,000	262,725,000,000	1.21%	4,115	5,000	10,000	525,450,000,000	2.43%	8,231	10,000
January 2014	21,651,816,607,746	100,000	555.80	55,580,000	5,000	277,900,000,000	1.28%	3,896	5,000	10,000	555,800,000,000	2.57%	7,791	10,000
February 2014	22,092,288,726,050	100,000	558.75	55,875,000	5,000	279,375,000,000	1.26%	3,954	5,000	10,000	558,750,000,000	2.53%	7,908	10,000
March 2014	22,113,327,541,179	100,000	549.47	54,947,000	5,000	274,735,000,000	1.24%	4,024	5,000	10,000	549,470,000,000	2.48%	8,049	10,000
April 2014	22,533,692,797,158	100,000	564.85	56,485,000	5,000	282,425,000,000	1.25%	3,989	5,000	10,000	564,850,000,000	2.51%	7,979	10,000
May 2014	22,591,991,876,084	100,000	549.84	54,984,000	5,000	274,920,000,000	1.22%	4,109	5,000	10,000	549,840,000,000	2.43%	8,218	10,000
June 2014	22,755,280,389,202	100,000	552.95	55,295,000	5,000	276,475,000,000	1.21%	4,115	5,000	10,000	552,950,000,000	2.43%	8,231	10,000
July 2014	22,880,421,171,057	100,000	572.11	57,211,000	5,000	286,055,000,000	1.25%	3,999	5,000	10,000	572,110,000,000	2.50%	7,999	10,000
<b>August 2014</b>	<b>23,274,897,003,157</b>	<b>100,000</b>	<b>587.48</b>	<b>58,748,000</b>	<b>5,000</b>	<b>293,740,000,000</b>	<b>1.26%</b>	<b>3,962</b>	<b>5,000</b>	<b>10,000</b>	<b>587,480,000,000</b>	<b>2.52%</b>	<b>7,924</b>	<b>10,000</b>
<b>Over Last 36 Months</b>														
Average:	19,887,350,341,104							1.29%					2.58%	
Maximum:	23,274,897,003,157							1.54%					3.09%	
Minimum:	16,823,889,766,210							1.18%					2.37%	
Growth Rate:	38.3%													

Source: CME Group, Bloomberg LP, and Federal Reserve Bank of St. Louis Economic Research (FRED).

\*M1 money supply is currency in circulation plus demand deposits.

## Appendix F

### U.S. Dollar/Chilean Peso (USD/CLP) Futures

#### Fee Schedule

#### 1. Clearing and Exchange Fees

Membership Type	Clearing Fee <sup>1</sup>	CME Globex Fee	All In Fee
Individual Equity Members/Clearing Members/Rule 106.J Equity Member Firms/Rule 106.I Members/Rule 106.S Member Approved Funds	0.07	0.25	0.32
Rule 106.D Lessees / Rule 106.F Employees	0.27	0.25	0.52
Rule 106.R Electronic Corporate Member - Holding Member	0.34	0.10	0.44
Rule 106.R Electronic Corporate Member - Volume Incentive Program	0.54	0.10	0.64
Rule 106.H and 106.N Firms	0.34/0.45	0.10	0.44/0.45
Asian Incentive Program (AIP) Participants	0.44	0.56	1.00
International Incentive Program (IIP) Participants	0.44	0.10	0.54
Latin American Bank Incentive Program (LABIP)	0.44	0.56	1.00
Latin American Commercial Incentive Program (LACIP) Participants	0.44	0.56	1.00
Latin American Fund Manager Incentive Program (FMIP) Participants	0.44	0.56	1.00
CTA/Hedge Fund Incentive Program participants	0.60	0.10	0.70
CBOE Members (reduced for S&P Index & E-mini S&P only)	0.60	1.00	1.60
Customers of Member Firms	0.60	1.00	1.60

#### 2. EFR Surcharge, Block, and Non-Trade Processing Fees

Other CME Processing Fees	
EFP Surcharge	1.00
Block Trade Surcharge	1.00
106.D Lessee/106.H Brokerage	0.13
106.F Employee Brokerage	0.13
Position Transfers /Position Adjustments	0.10
Give-Up Surcharge	0.10

### 3. Fee Programs

<b>Current Fee Programs</b>	<b>(Include/Exclude)</b>
New Product Access Program	<b>Exclude</b>
FX Volume Discount	<b>Include</b>
FX EFP Incentive Program	<b>Include</b>
NTIP	<b>Include</b>