

Chapter 260 Russian Ruble Futures

26000. SCOPE OF CHAPTER

This chapter is limited in application to futures trading in Russian rubles versus the U.S. dollar. The procedures for trading, clearing, delivery, settlement and any other matters not specifically contained herein shall be governed by the rules of the Exchange.

26001. FUTURES CALL

26001.A. Trading Schedule

Futures contracts shall be scheduled for trading and delivery during such hours and in such months as may be determined by the Board of Directors.

26001.B. Trading Unit

The unit of trading shall be 2,500,000 Russian rubles.

26001.C. Price Increments

Minimum price fluctuations shall be in multiples of \$.00001 per Russian ruble (equivalent to \$25.00) per contract.

26001.D. Position Limits

A person shall not own or control more than 10,000 contracts net long or net short in all contract months combined except that in no event shall he own or control more than 2000 contracts in the lead month on or after the day one week prior to the termination of trading day. For positions involving options on the CME Russian ruble currency futures, this rule is superseded by the option speculative position limit rule.

26001.E. Accumulation of Positions

For purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.

26001.F. Exemptions

The foregoing position limits shall not apply to bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, and shall not apply to other positions exempted pursuant to Rule 543.

26001.G. Termination of Trading¹

Futures trading shall terminate at 11:00 AM (Moscow Time)² on the 15th calendar day of the contract month. If the foregoing date for termination is not a business day for the Moscow interbank foreign exchange market, futures trading shall terminate at the same time on the next business day for the Moscow interbank foreign exchange market.

26001.H. Contract Modifications

Specifications shall be fixed as of the first day of trading of a contract, except that all deliveries must conform to government regulations in force at the time of delivery. If any national or international government agency or body issues an order, ruling, directive or law that conflicts with the requirements of these rules, such order, ruling, directive or law shall be construed to take precedence and become part of these rules and all open and new contracts shall be subject to such government orders.

26002. SETTLEMENT PROCEDURES

26002.A. [Reserved]

¹ Revised December 1998.

² This is usually 2:00 a.m. Chicago Time but may be either 1:00 a.m. or 3:00 a.m. Chicago Time when Daylight Savings Time is in effect in either, but not both, Moscow or Chicago.

26002.B. Cash Settlement³**Applicable for the June 2005 through March 2006 contract months.**

All Russian ruble 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. The CME Russian ruble futures contract Final Settlement Price shall be equal to the reciprocal of the result of Chicago Mercantile Exchange Inc. ("CME") / EMTA, Inc. (previously the Emerging Markets Traders Association) ("EMTA") Russian Ruble per U.S. Dollar Reference Rate survey procedure as described in sections 1 and 2 below, rounded to six decimal places.

1. CME/EMTA Survey Procedure

The Exchange shall determine the CME/EMTA Russian Ruble per U.S. Dollar Reference Rate by conducting two surveys of financial institutions inside the Russian Federation that are active participants in the Russian Ruble per U.S. Dollar spot and/or non-deliverable forward ("NDF") markets. For each survey, the Clearing House shall select at random 8 reference institutions from a list of no less than 12 institutions who are active participants in the market for spot and/or NDF Russian Rubles. During the regular SELT⁴ session for foreign exchange trading between commercial banks, two surveys at unannounced randomly selected times will be conducted. Each participant shall be requested to provide the bid and offer at which the participant could currently execute a transaction of at least US\$100,000 for same-day value ("TOD") and for next-day value ("TOM") Russian Ruble per U.S. dollar spot transactions in the Moscow marketplace and the current bid and offer of the overnight Russian ruble money-market rate. Before a quote is officially accepted, it must be confirmed either by telex, facsimile, or other hard-copy confirmation, or by recorded telephone message. A participant's survey response will be deemed usable if either a TOD rate (bid and offer) is provided or a TOM rate (bid and offer) and an overnight Russian ruble money-market rate (bid and offer) is provided, or both. For each participant, the TOD rate will be used if provided, otherwise, the TOM rate will be adjusted to a synthetic TOD rate using an average bid and offer of the overnight Russian ruble money-market rate provided by all participants and the overnight Fed Funds Effective Rate from Telerate page 118 or Reuters page "FEDM" or a successor page. For each of the two surveys, the midpoint of each bid-offer pair shall be determined, and the two lowest and two highest such midpoints shall be eliminated. The Clearing House shall then compute the arithmetic mean of the remaining 4 midpoints for each survey and average the means of the two surveys to determine the CME/EMTA Reference Rate.

In the event that the CME/EMTA survey procedures result in less than eight but at least five responses for either of the two surveys, the CME Clearing House shall select at random as appropriate five, six, or seven reference institutions from a list of no less than 12 institutions who are active participants in the market for spot and/or NDF Russian rubles. The midpoint of each bid-offer pair shall be determined, and the lowest and highest of such midpoints shall be eliminated. The Clearing House shall then compute the arithmetic mean of the remaining 3, 4, or 5 midpoints as appropriate.

Any survey with at least 5 usable responses shall be deemed complete.

If both surveys on the termination day are complete, the arithmetic average of the two shall be the CME/EMTA Russian ruble per U.S. Dollar Reference Rate. On the termination of trading day the reciprocal of this arithmetic mean of the Russian ruble per U.S. dollar spot exchange rate will then be calculated and rounded to the nearest \$.000001 per Russian Ruble. This number shall become the Final Settlement Price for the termination of trading day. If for any reason there is difficulty in obtaining a quote within a reasonable time interval from one of the participants in the sample, that participant shall be dropped from the sample, and another shall be randomly selected to replace it.

If only one survey is complete, the result of that survey shall be the CME/EMTA Russian Ruble per U.S. Dollar Reference Rate for that day. In that instance the Final Settlement Price shall be determined by the procedures in section 2.

In the event the CME/EMTA survey procedures result in less than five responses for each of the two surveys, a substitute for the CME/EMTA Reference Rate may be published for information purposes only along with an explanatory note.

³ Revised December 1998; November 2000; June 2005.

⁴ "SELT" is the "System for Electronic Trading" of the Moscow Interbank Currency Exchange ("MICEX").

2. Futures Final Settlement Price When Both Surveys Cannot Be Completed For A Given Day

In the event that two surveys cannot be completed, the Clearing House shall conduct the survey on the following business day. Provided two surveys can be completed on that day as described in section 1 above, the results shall be used to determine the Final Settlement Price as so described.

In the event that two surveys cannot be completed on the following business day either, then the results from the most recent day when two complete surveys were conducted shall be used to determine the Final Settlement Price. In this instance, TOM rates will be used if provided to get the nearest value date to the termination of trading, or in the absence of TOM rates, TOD rates would be adjusted to synthetic TOM rates.

3. When No Survey Can Be Done

However, in the event that the Exchange President determines that the Clearing House is not able to determine a Final Settlement Price pursuant to any of the preceding sections, then Rule 26003 shall apply to determine the Final Settlement Price.

Applicable for the June 2006 and subsequently listed contracts

All Russian ruble 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. The CME Russian ruble futures contract Final Settlement Price shall be equal to the reciprocal of the result of Chicago Mercantile Exchange Inc. ("CME") / EMTA, Inc. (previously, the "Emerging Markets Traders Association") Russian Ruble per U.S. Dollar Reference Rate survey procedure as described in sections 1, 2, 3 and 4 below, rounded to six decimal places.

1. CME/EMTA Survey Procedure

CME shall determine the CME/EMTA Russian Ruble per U.S. Dollar Reference Rate by conducting a survey of financial institutions inside the Russian Federation that are active participants in the Russian Ruble per U.S. Dollar spot and/or non-deliverable forward ("NDF") markets. For such survey, CME shall poll no less than 15 such institutions at an unannounced, randomly selected time between 12:00 noon and 12:30 p.m. Moscow time.⁵ Each participant shall be requested to provide the bid and offer at which the participant could currently execute a transaction of at least US\$100,000 for next-day value ("TOM") Russian Ruble per U.S. dollar spot transactions in the Moscow marketplace. Before a quote is officially accepted, it must be confirmed either by telex, facsimile, or other hard-copy confirmation, or by recorded telephone message or secure electronic confirmation. If ten or more responses are received to the survey, CME shall randomly select ten of such responses. CME shall calculate the midpoint of each bid-offer pair and shall eliminate the two lowest and two highest midpoints. CME shall then compute the arithmetic mean of the remaining 6 midpoints for the survey to determine the CME/EMTA Reference Rate.

In the event that the CME/EMTA survey procedures result in less than ten but at least five responses for the survey, using all responses received, CME shall determine the midpoint of each bid-offer pair and the lowest and highest of such midpoints shall be eliminated. CME shall then compute the arithmetic mean of the remaining 7, 6, 5, 4 or 3 midpoints for the survey as appropriate to determine the CME/EMTA Reference Rate.

A survey with at least 5 usable responses shall be deemed complete.

If such survey on the termination day is complete, the arithmetic average of the survey results shall be the CME/EMTA Russian ruble per U.S. dollar Reference Rate. On the termination of trading day the reciprocal of the CME/EMTA Russian ruble per U.S. dollar Reference Rate (spot exchange rate) will then be calculated and rounded to the nearest \$.000001 per Russian Ruble. This number shall become the Final Settlement Price for the Termination of Trading day.

In the event the CME/EMTA survey procedures result in less than five responses for the survey, then such survey shall be deemed incomplete and no CME/EMTA Reference Rate shall be calculated and published for that day. A notice that no rate is available for that day shall be posted by CME by approximately 1:30 p.m. Moscow time.

In order to contribute to transparency in the survey process, by not later than the next Polling Day from each survey, CME shall publish on the CME Web site as well as on the EMTA Web site the

⁵ This time interval usually corresponds to 9:00 a.m. to 9:30 a.m. London time, 4:00 a.m. to 4:30 a.m. New York City time and 3:00 a.m. to 3:30 a.m. Chicago time.

results of each day's CME/EMTA Russian Ruble Reference Rate Survey, including the names of respondents to the survey and each respondent's corresponding bid and offer quotes provided in each day's survey.

2. Futures Final Settlement Price When the Survey Cannot Be Completed For A Given Day

In the event that the survey cannot be completed on the CME Russian ruble futures contract Termination of Trading day, and therefore, CME cannot determine the CME/EMTA Russian Ruble Reference Rate used to calculate the Final Settlement Price, then final settlement of the CME Russian ruble futures contract may be deferred or postponed for up to (but not more than) 14 consecutive calendar days. This 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 the publication of the CME/EMTA Reference Rate prior to the lapse of such 14-day period, CME shall determine the Final Settlement Price using the reciprocal of such Rate and the CME Russian ruble futures contract shall be settled on such day. If however, 14 consecutive calendar days pass without publication of the CME/EMTA Reference Rate, CME shall otherwise determine the Final Settlement Price. See section 3.

3. Deferring or Postponing Valuation and the EMTA RUB Indicative Survey Rate

After the lapse of 14 consecutive calendar days without publication of the CME/EMTA Reference Rate, the Final Settlement Price may be calculated and published by CME on the next business day using the EMTA RUB Indicative Survey Rate, if available. The EMTA RUB Indicative Rate is a rate proposed to be published by EMTA, Inc. (or its designee) and posted on the public portion of EMTA's website following the continuous unavailability of the CME/EMTA Reference Rate for 14 calendar days in order to provide the NDF market with a back-up rate source for valuation of certain outstanding non-deliverable foreign exchange transactions if the CME/EMTA Reference Rate cannot be published for an extended period of time. The procedures for the EMTA RUB Indicative Survey are defined in the Interpretation to this chapter.

However, if EMTA fails to publish the EMTA RUB Indicative Rate following the lapse of the valuation postponement or deferral period described above, and the CME/EMTA Reference Rate is also not available, then Rule 26003 shall apply to determine the Final Settlement Price. See section 4.

4. When No Survey Can Be Done and the EMTA RUB Indicative Survey Does Not Provide a Rate

However, in the event that the Exchange President determines that the Clearing House is not able to determine a Final Settlement Price pursuant to any of the preceding sections and the Interpretation to this chapter, then Rule 26003 shall apply to determine the Final Settlement Price.

26003. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES

(Refer to Rule 701. – ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES)

(End Chapter 260)

INTERPRETATION TO CHAPTER 260

Effective, June 16, 2005, EMTA, Inc. adopted procedures for the "EMTA RUB Indicative Survey" ("RUB Indicative Survey") to be conducted in certain circumstances when the CME/EMTA Russian Ruble Reference Rate is unavailable for settlement of expiring non-deliverable forward ("NDF") Russian ruble versus U.S. dollar transactions. The RUB Indicative Survey results in the calculation of the "EMTA RUB Indicative Survey Rate" ("RUB Indicative Survey Rate"), which can be used by the NDF market to settle non-deliverable Russian ruble/U.S. Dollar transactions in defined circumstances. In order to reduce basis risk for market participants trading both NDF Russian ruble transactions and CME Russian ruble futures and options on futures contracts, CME has also adopted procedures to settle terminated CME Russian ruble futures and options contracts to the reciprocal of the RUB Indicative Survey Rate when the CME/EMTA Russian Ruble Reference Rate has been unavailable for 14 consecutive calendar days. The following sets forth the EMTA methodology for the RUB Indicative Survey.

EMTA RUB Indicative Survey

For purposes of determining the EMTA RUB Indicative Survey Rate (a "RUB Indicative Survey

Rate”) for any Valuation Date, EMTA (or a service provider EMTA may select in its sole discretion) shall conduct a survey of financial institutions (a “RUB Indicative Survey”) for such date.

Polled Banks: On each day that a RUB Indicative Survey is to be conducted, EMTA shall survey no more than 30 randomly selected financial institutions that are active participants in the Russian Ruble/U.S. Dollar market.

Survey Question: Each survey participant 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 Russian Ruble spot rate (bid-offer pair) for a standard size Russian Ruble /U.S. Dollar wholesale financial transaction for settlement in one business day in the Moscow 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 Russian Ruble/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 Russian Ruble/U.S. Dollar transactions (commercial or otherwise).

Quotes: Quotes shall be provided to the fourth decimal point (e.g., 1.0000).

Price Source Disruptions and Unscheduled Holidays: (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, in each case following the lapse of a 14 calendar day period during which the CME/EMTA Reference Rate (“RUB CME-EMTA” and “RUB03”) shall have been continuously unavailable, EMTA shall poll survey participants beginning at approximately 2:00 PM (Moscow time)⁶.

Use of Survey Results

EMTA will determine the mid-point of each bid-offer pair. The arithmetic mean of the mid-points will be used to determine the RUB Indicative Survey Rate, rounded to the fourth decimal point as described below.

If the RUB 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 responses shall be computed and will constitute the RUB 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 RUB 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 responses shall be computed and will constitute the RUB 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 RUB 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 responses shall be computed and will constitute the RUB 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 RUB Indicative Survey results in less than 10 but 8 or more responses, then no rate will be eliminated and the arithmetic mean of all rates obtained shall be computed and will constitute the RUB Indicative Survey Rate for such Valuation Date.

Insufficient Responses

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

RUB Indicative Survey Rate Publication

The RUB Indicative Survey Rate will be published on EMTA’s web site (www.emta.org) (the

⁶ Moscow time is 8 hours earlier than New York time and 9 hours earlier than Chicago time.

“Publication Site”) by approximately 2:45 PM (Moscow time)⁷, or as soon thereafter as practicable, on the Valuation Date.

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

Discontinuing the RUB Indicative Survey

The RUB Indicative Survey will be discontinued (a) following the publication of a CME EMTA Reference Rate (RUB CME-EMTA (RUB03)) or (b) on the third day following polling for the RUB 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 RUB Indicative Survey at an appropriate time in the future.

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

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 RUB Indicative Survey.

Disclaimer

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

(End Interpretation to Chapter 260.)

⁷ Moscow time is 8 hours earlier than New York time and 9 hours earlier than Chicago time.