FOMC Rate Decision Event Contract - Terms & Conditions

Scope - These terms govern the trading of the FOMC Rate Decision Event Contract (the "Contract"), a type of "Event Contract" listed by the Exchange.

Underlying - The Underlying for this Contract is the Federal Open Market Committee ("FOMC") <rate decision> regarding the short-term policy rate at a specified <meeting> as reported on the FOMC website.

Source Agency - The Source Agency is the Federal Reserve Board. The data is released via the following website: https://www.federalreserve.gov, or successor website.

Type - Swap.

Issuance - The Contract is based on a specific rate decision at a specified policy meeting. Accordingly, Contract iterations will be issued at any time after the relevant policy meeting is scheduled by the FOMC.

<rate decision> - refers to the change in the target federal funds rate range measured in basis points ("bps"), relative to the rate effective immediately prior to the specified meeting. This includes a raise in the range (e.g.+50 bps), a fall in the range (e.g. -25bps), or no change to the range, as specified in the Contract Terms.

<meeting> - refers to the specific scheduled monetary policy committee meeting at which the FOMC is expected to announce its rate decision, as specified in the Contract Terms. It may also refer to a meeting without needing to specify the date. (e.g., "The next scheduled meeting of the FOMC")

Trading and Settlement - During the Event Contract trading hours, Participants are able to adjust their positions and trade freely. After trading of the Event Contract has closed, Rothera will determine the Expiration Value and whether the Payment Criteria encompasses the Expiration Value (i.e. whether the outcome is "Yes" or "No"). The market is then settled by Rothera, and either the long position holders or the short position holders are paid the Settlement Value. In this case, "long position holders" refers to Participants who purchased the "Yes" side of the Event Contract and "short position holders" refers to Participants who purchased the "No" side of the Event Contract. If the Expiration Value is "Yes," then the long position holders are paid an absolute amount proportional to the size of their position and the short position holders receive no payment. If the Expiration Value is "No," then the short position holders are paid an absolute amount proportional to the size of their position and the long position holders receive no payment. Specification of the circumstances that would trigger an Expiration Value of “Yes” are included below in the section titled “Payment Criterion.” The Expiration Date of the Contract is designed to account for multiple possible contingencies regarding the timing of the determination of the event.

Payment Criterion - The Payment Criterion for the Contract encompasses Expiration Values based on the officially reported <rate decision> for the FOMC <meeting>. Only the figure from the first official release is used for settlement. Preliminary estimates or unofficial figures from other sources are not encompassed by the Payment Criterion. If the FOMC’s initial release is delayed beyond the scheduled Expiration Date, the contract will resolve based on the last fair market price as determined by the Exchange pursuant to Rothera DCM Rule 7.2. Long position holders will receive the number of Contracts held multiplied by the fair market price, and short position holders will receive the number of Contracts held multiplied by $1 minus the fair market price. If the FOMC’s release is cancelled entirely, then the Contract will settle to the fair market price as determined by the Exchange pursuant to DCM Rule 7.2. If the FOMC cancels the <meeting>, then the strike listed for “0 bps” (e.g. “No Change”) will resolve to Yes and all other markets will resolve to No.

Minimum Tick - The Minimum Tick for the Event Contract is $0.01.

Position Limits - The Position Limit for the Event Contract is 5,000,000 Contracts for Participants. The Position Limit for Market Makers is 25,000,000 Contracts.

Last Trading Date - The Last Trading Date of the Contract is the date day of the scheduled release of data or otherwise resolved pursuant to the Payment Criterion.

Settlement Date - The Settlement Date is the date on which money is paid to the account of a Participant who has the right to receive money pursuant to an Event Contract held until Expiration, and on which money is paid from the account of a Participant who is obligated to pay money pursuant to an Event Contract held until Expiration. The Settlement Date of the Contract shall be no later than the day after the Expiration Date.

Expiration Date - The Expiration Date shall be the date on which the Expiration Value of the Underlying is determined, without delay or controversy. The latest Expiration Date of the Contract shall be up to two (2) days after the typically scheduled release date for the relevant <meeting>. If the data is released earlier in a manner encompassed by the Payment Criterion, Expiration will be moved to an earlier date and time as determined by the Exchange.

Expiration Time - The Expiration Time of the Event Contract shall be 10:00 AM CT on the Expiration Date.

Settlement Value - The Settlement Value is the amount paid to the holder of the in-the-money Event Contract on the Settlement Date. The Settlement Value of an in-the-money Event Contract is $1.

Expiration Value - The Expiration Value is the value of the Underlying as documented by the Source Agency on the Expiration Date at the Expiration Time.

Contingencies - If the Source Agency does not actually announce a result consistent with the settlement methodology or the Payment Criterion on or before the Expiration Date due to a delay, postponement, cancellation or otherwise in such release announcement by the Source Agency, the Contract will resolve based on the last fair market price as determined by the Exchange pursuant to Rothera DCM Rule 7.2. Long position holders will receive the number of Contracts held multiplied by the fair market price, and short position holders will receive the number of Contracts held multiplied by $1 minus the fair market price. Consistent with Exchange Rule 7.2, Rothera reserves the right to make settlement determinations.

Trading Prohibitions - In addition to the prohibition against the misappropriation of material nonpublic information under CFTC Regulation 180.1, and the prohibited trading practices identified in Chapter 7 of the DCM Rulebook, , certain additional individuals are prohibited from trading the Event Contract. Those persons include:

- Employees and management of the U.S. Federal Reserve System who are involved in the compilation, review, and preparation for the FOMC meeting, or the release of the rate decision data used to settle the Contract.
- Household members and immediate family members (siblings, children and parents) of the foregoing where such person reasonably may have access to material nonpublic information regarding the referenced economic event.
- Any other Person who, by sole determination of the Exchange, possesses material nonpublic information relating to the Underlying.