

To: Clearing Member Firms

From: CME Clearing Europe Limited (the **Clearing House**)

Advisory No.: 17-24

Notice Date: 19 May 2017

Planned Termination Event notice

On 12 April 2017 CME Group announced that it intends to close its London-based derivatives exchange and clearing house, CME Europe and CME Clearing Europe, by year-end 2017 – see Clearing House Advisory Notice No. 17-18. CME Clearing Europe continues to work closely with market participants and regulators to ensure an orderly wind down of its business operations.

Capitalised terms used within this Advisory Notice and not defined herein shall have the meaning given in the Clearing Rules of the Clearing House, available at <https://www.cmegroup.com/europe/clearing-europe/membership/files/CMECE-Rulebook.pdf> (the **Clearing Rules**).

As at the date of this Advisory Notice, the Clearing House has open interest only in a limited number of Standard Contracts which are each Exchange Contracts listed on CME Europe and listed in Annex 1 to this Advisory Notice (the **Affected Product Class**). Pursuant to CME Europe Advisory Notice No.17-014, CME Europe has provided notice to its members that the last trading date for all contracts listed on CME Europe (and therefore all Contracts within the Affected Product Class) shall be 30 August 2017 (the **Last Trading Date**). Customers of CME Europe will not be able to execute transactions in contracts listed on CME Europe after the Last Trading Date.

This Advisory Notice provides Clearing Members with Notice pursuant to the Clearing Rules that, following consultation with the Clearing House Risk Committee, the Clearing House has determined to implement a Planned Termination Event pursuant to Rule 8.10 to terminate all Contracts within the Affected Product Class.

In accordance with the Clearing Rules, this Notice provides not less than 90 (ninety) days' written notice to all relevant Clearing Members of the Planned Termination Event which shall take effect on 30 August 2017 at close of business (the **Termination Date**). The Clearing House hereby provides further written notice to all relevant Clearing Members pursuant to Rule 8.10.5 that the Termination Date shall be the date of termination of all Contracts of the Affected Product Class pursuant to Rule 8.10.7.

Pursuant to Rule 8.10.7, except as otherwise set out in this Advisory Notice, on or as soon as reasonably practicable after the Termination Date, the Clearing House will take the following steps with respect to each Account relating to an Affected Product Class of each non-defaulting Clearing Member:

- a) run a final Settlement Cycle;
- b) terminate all Contracts of the Affected Product Class at the price determined in the final Settlement Cycle;
- c) notify each non-defaulting Clearing Member of any Variation Requirement determined by the final Settlement Cycle which the non-defaulting Clearing Member will pay in accordance with Rule 6.1.1; and
- d) on the basis of the final Settlement Cycle and the provisions of Rule 8.6.7, determine the Collect or the Pay with respect to each Account of each non-defaulting Clearing Member,

on such terms as the Clearing House shall determine and the rights and liabilities of each Clearing Member shall include all those arising in consequence of any such action taken by the Clearing House.

Following the actions of the Clearing House under Rule 8.10.7, subject to the Clearing Rules, the Clearing House will notify each non-defaulting Clearing Member of the Pay, Collect or Allocated Pay with respect to each of its Accounts. Each non-defaulting Clearing Member with a Collect shall pay such amount to the Clearing House. Once the Clearing House is satisfied it has received all the Collects with respect to an Affected Product Class, it shall make payment to each non-defaulting Clearing Member with an Account related to that Affected Product Class which has a Pay.

Contracts expiring prior to the Termination Date physically deliverable after the Termination Date

In respect of any Contract where close of trading on the last trading day of such Contract pursuant to the relevant Contract Specification has occurred prior to the Termination Date and which Contract is performed by Physical Delivery on a Contract Day which occurs after the Termination Date, Physical Delivery shall be made on the Contract Day in accordance with the Contract Specification and the Clearing Procedures, notwithstanding the Planned Termination Event.

Notwithstanding the Planned Termination Event, rights and obligations on the Clearing House and Clearing Members to make or receive Physical Delivery and / or to make or receive payment of cash under such contract, as set out in the Contract Specification, the Clearing Rules and the relevant Delivery Procedures, shall continue in full force and effect except as otherwise set out in this Advisory Notice.

Any payments and instructions relating to payments to the Clearing House or to a Clearing Member in respect of physical deliveries relating to such contracts shall take place in accordance with the payment instructions of the Clearing House in its absolute discretion and shall not take place as part of a Settlement Cycle (or the final Settlement Cycle conducted by the Clearing House under Rule 8.10.7) unless otherwise advised by Notice.

Clearing Members shall continue to be subject to and comply with the Clearing Rules at all times.

Operational overview of process for natural gas futures contracts

In operational terms, the process under Rule 8.10.7 results in termination and cash settlement by CMECE of all remaining open positions that are not in delivery at the time of termination on the Termination Date.

For the avoidance of doubt:

- a) in respect of contracts expiring prior to the Termination Date and where physical delivery takes place after this date, CMECE and Clearing Members will continue to be required to make physical delivery of natural gas in the usual manner on 31 August and to meet any associated cash payment obligations in accordance with the relevant Delivery Procedures (as amended by this Advisory Notice); and
- b) in respect of contracts due to expire on or after 31 August (e.g. a Contract Month of September 2017 or later), such contracts will be cash settled under the final settlement cycle under Rule 8.10.7 and, where relevant, will not cascade into daily deliverable contracts.

Contact details

Any queries relating to the contents of this Notice should be directed to:

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Annex 1

List of Contracts within the Affected Product Class

Agriculture

Code	Product Name
FME	Urea (Granular) FOB Middle East Future

Energy

Code	Product Name
TDE	Dutch Natural Gas Daily Future
TME	Dutch Natural Gas Calendar Month Future
NDE	UK Natural Gas Daily Future
NME	UK Natural Gas Calendar Month Future
IPB	Italian Power Baseload (GME) Calendar Month Future
GPB	German Power Baseload Calendar Month Future
IPP	Italian Power Peakload (GME) Calendar Month Future
Z1A	European Ethanol T2 fob Rotterdam Inc Duty (Platts) Calendar Month Future

FX

Code	Product Name
JPY	U.S. Dollar / Japanese Yen (USD/JPY) Physically Deliverable Future (CLS Eligible)
EUS	Euro / U.S. Dollar (EUR/USD) Physically Deliverable Future (CLS Eligible)
GBP	British Pound / U.S. Dollar (GBP/USD) Physically Deliverable Future (CLS Eligible)
AUD	Australian Dollar / U.S. Dollar (AUD/USD) Physically Deliverable Future (CLS Eligible)
CHF	U.S. Dollar / Swiss Franc (USD/CHF) Physically Deliverable Future (CLS Eligible)
CAD	U.S. Dollar / Canadian Dollar Future (USD/CAD) Physically Deliverable Future (CLS Eligible)
NZD	New Zealand Dollar / U.S. Dollar (NZD/USD) Physically Deliverable Future (CLS Eligible)

Please note that the Planned Termination Event will apply only to those Contracts in which there are open positions on the Termination Date.