

Advisory Notice

Clearing House

09-216

TO: Clearing Member Firms
Back Office Managers

FROM: CME Clearing

SUBJECT: **Reminder of Fungibility Process for E-Micro FX Futures**

DATE: Friday, May 22nd, 2009

In March 2009, CME Group launched a suite of E-Micro Futures products (Advisory # NP 09-04). As noted in the advisory, three of the E-Micro FX Futures products are defined as fungible with the standard currency contract at a ratio of 10 to 1. The fungibility process is the Request for Offset procedure which is analogous to the process in place for select CBOT Grains, because the E-Micro Futures products are cash settled and the standard currency products are physically deliverable.

The major difference in the RFO process from the existing fungibility process in place for CME Group Equity products and legacy E-Mini FX is the matching process. Once the RFO is submitted in FEC, firms should not offset any existing positions on their books until confirmation is received that the RFO has been accepted. The actual offset price will always be the prior day's settlement price. Firms can monitor the existing pending offset requests daily at the following link: www.cmegroup.com/market-data/reports/directed-fungibility-open-request-report.xls

Some highlights of the request for offset process include:

- The three E-Micro FX Futures products eligible for RFO are M6E(EUR/USD), M6B(GBP/USD), and M6A(AUD/USD). Ratios are EC Fut. vs. M6E Fut. 1:10; BP Fut. vs. M6B Fut. 1:10; and AD FUT vs. M6A Fut. 1:10.
- Firms enter request for offset in existing FEC fungible entry screen (firm enters either the large contract or E-Micro FX contract and the system creates the opposing contract).
- A firm can, at any point, adjust down or delete an offset request.
- Increasing the quantity of the RFO requires a new request and must be added separately.
- Requests that are matched are booked and cleared with the trade date of the match event regardless of date the request was entered into the system.
- Fungible offset requests will remain in FEC until they are matched or 2 days prior to the last day of trading at which time all outstanding requests will be deleted from the system.
- The fungibility process will remain unchanged (immediate match) for the legacy E-mini Euro FX Fut. (E7) vs. EC Fut. and E-mini J-Yen Fut. (J7) vs. JY FUT.

If you have any questions please contact Clearing Customer Support by email ccs@cmegroup.com or by phone at 312-207-2525.