

Advisory Notice

Clearing House

09-312

To: NYMEX/COMEX Trading Floor Community
From: CME Clearing
Subject: Front End Clearing ("FEC") Update
Date: July 23, 2009

FEC/Floor View training sessions for COMEX trading floor personnel began this past Monday. In conjunction with these important training sessions, we would like to inform you of several important features and changes that will be introduced with the integration of NYMEX and COMEX products to the CME Group's FEC application. Most importantly, upon integration; (1) **trade entry by NYMEX exchange staff will be discontinued shortly after the integration**, and (2) **the legacy TMS application will be replaced by the FEC application, which is only accessible via the internet.**

With respect to trade entry, NYMEX members/clerks must register for an FEC/Floor View application training session. Please go to <http://www.cmegroup.com/integration/>, or call Client Management Training Services at 312.930.4523, to register for the next available training session. With respect to FEC usage, members/clerks must ensure they have access to an internet-connected FEC terminal from which trades can be entered and allocated. For further information regarding access to the internet and the FEC/Floor View application, please contact Rob Stasi 212.299.2067, Joe Vanderberg 212.299.2058, or Marcia Beckford 212.299.2072.

New Features

Following the integration, one significant feature and benefit to the floor community is that the WhenTech hand-held device will directly write and record options' trade data to the FEC/Floor View application. This will alleviate the need for the selling member or clerk to enter option trades into this new broker trade entry application. Corrections, allocations, and buyers' data, however, will have to be processed on the FEC/Floor View application.

The integration to FEC will also introduce several new features and benefits that will be immediately available to the NYMEX community;

- SLEDS ("Single Line Entry of Differential Spreads") is a post-trade application in FEC allowing customers to specify preferred leg-prices to futures calendar spreads.
- APS ("Average Pricing System") is a post-trade application in FEC allowing fund managers to specify a range of orders to be average-priced prior to allocation to customer accounts.
- ACS ("Allocate Claim System") is a post-trade application in FEC allowing customers to allocate (i.e. give-up) trades to multiple clearing firms. It is also supported by a real-time API offering automated allocation and claiming of trades via message based processing.

There has been considerable demand for such features in the New York marketplace and we are pleased to offer them as an added benefit of introduction of FEC.

New Changes

Our highest priority in developing FEC as the replacement for TMS has focused on providing the core trade entry functionality necessary to enter, correct, and allocate trades. To ease the transition to FEC, we developed a touch-screen, sell-broker trade entry and allocation application that you will find to be very similar to TMS. This new broker trade entry application incorporates the requisite functions to easily enter trades, make trade corrections, and allocate trades to clearing members. To achieve the

synergies associated with integrating to one system, however, several legacy TMS functions, where alternative approaches are available, were discontinued. These include:

- FEC will not display net position summaries and it will not calculate P&L. As an alternative, such info is available on a real time basis from clearing members' back-office bookkeeping systems, all of which offer secured on-line account access via a web-browser.
- FEC will not offer the e-mail feature as legacy TMS did. As an alternative, one can correspond via internet instant messaging or any number of e-mailing services via iPhone, Blackberry, etc.
- FEC will not support the Trader 3/short code feature. Brokers who choose to reassign brokerage payments to other brokers can do so via private arrangements.
- FEC will not display real-time price or time and sales data. As an alternative, the Exchange will provide such price related info via MerQuote PCs strategically located throughout the trading floor.

Additional information will be provided during training sessions. Please be sure to sign-up for training if you have not done so already. If you have any questions regarding any information in this advisory notice, please do not hesitate to call any one of the following individuals:

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