

Advisory Notice

Clearing House

09-407

TO: Clearing Firms

FROM: CME Clearing

SUBJECT: COMEX Trade Correction Procedures

DATE: September 22, 2009

The purpose of the advisory is to explain important requirements and procedures with respect to trade entry and trade corrections in the COMEX markets.

Trade Entry

Trade entry clerks have been trained on the basic trade entry and allocation procedures of the new FEC Floor View Broker User Interface (UI). To ensure the accuracy of trades in account statements, it is essential that back-offices verify the accuracy of the short-codes defined in this new broker UI. Short-codes predefine a trade's allocation instructions and their accuracy is critical to ensuring that trades clear correctly. Please refer to the attached advisory dated September 15, regarding the manner in which trade entry clerks were instructed to enter brokers' personal trades and the proper manner in which to enter spread trades.

Top-Day Trade Corrections

In FEC, once a trade is accepted by a firm, it can be corrected or reallocated provided that back-offices follow the appropriate release and acceptance procedures. To facilitate the trade correction process for trade entry clerks on the floor, CME Clearing will automate the release and acceptance functions between firms upon a correction message from the broker UI. This will allow trade entry clerks to make changes as they have been accustomed to doing in the COMEX marketplace. Please refer to the attached advisory dated September 18, regarding this change and the interim procedure that will be in place until the automated solution is implemented.

As-Of (Prior) Trade Corrections

When changing the price of a prior day's trade, the proper procedure requires back-offices to reverse the 'bad price' trade via a transfer trade (i.e. "void the trade"). Once that occurs, the broker/clerk initiating the price change will enter a claim record on the broker UI with the correct price/date which must then be claimed by the opposite broker/clerk. The same procedure is followed when making a quantity change to an as-of (prior) trade.

To re-allocate an as-of (prior) trade, the proper procedure requires the executing (PCM) firm to initiate a reversal in FEC. The opposite clearing firm must then accept the reversal. Once the reversal has been accepted, the executing (PCM) firm must delete the allocation(s). The executing broker/clerk can then re-allocate the trade to the correct firm. Failure to follow the appropriate procedures for price/quantity changes and/or re-allocations will likely result in "duplicated" trades in bookkeeping as well as clearing.

Clearing firm back-offices must respond promptly to such requests from the floor to correct or re-allocate as-of (prior) trades.

If you have any questions or need assistance with these procedures, please contact Tony DiBenedetto at 212-299-2152, Joe Fata at 212-299-2165, or CME Clearing Support (CCS) at 312-207-2525.

Advisory Notice

Clearing House

To: COMEX Trade Entry Clerks

From: CME Clearing

Subject: Trade Entry Guidelines

Date: September 15, 2009

Trades Entered For Brokers' Personal Accounts

When entering a trade for a broker's personal account, one must first define a **Short Code** consisting of the member's acronym, clearing firm and account number. Then, when entering a trade on behalf of the seller, simply change the default CTI code **from 4 to 1**. When updating the buyer's trade, with the card number and execution time, one must go into the **Trade View>Correct Trade** screen and change the default CTI code from 4 to 1. That is all that is necessary to ensure personal trades clear directly at brokers' PCMs.

Spread Trade Entry Convention

For futures calendar spread entry purposes only, the seller of the nearest (front) contract month must always enter both legs of the spread. This convention is necessary to ensure the spread legs are properly posted in FEC. This is a trade entry convention only and does not change the manner in which futures calendar spreads are displayed on wallboards or quoted in the pit.

If you have any questions, please contact John Lemkan at 299-2443, Rich Lang at 299-2044, or Rob Stasi at 299-2067.

Advisory Notice
Clearing House

TO: COMEX Trade Entry Clerks

FROM: CME Clearing

SUBJECT: New Trade Correction Procedure

DATE: September 18, 2009

Please be informed that effective Monday, September 21, a new trade correction procedure will be available. To void or correct a trade/allocation after it has been accepted by a firm, brokers/clerks can report to the Trading Floor Correction Desk and specify the trade to be corrected. Exchange staff will release the trade back to the broker/clerk who will then be able to initiate the correction. This manual process is temporary until an automated solution is implemented.

If you have any questions, please contact Rich Lang at 299-2044, Rob Stasi at 299-2067, or Joe Fata at 299-2165. For 24 hour support, you can also call CME Clearing Support (CCS) at 312-207-2525.