CME Group

11-144

To: Clearing Member Firms
           Back Office Managers
           Software Providers

From: CME Clearing

Subject: REVISED IMPORTANT: Trade-At-Marker (TAM) Starts on June 13, 2011

Date: April 25, 2011

On Monday June 13, pending receipt of required regulatory approvals, CME will introduce Trade-At-Marker (TAM) trading on CME Globex. The initial product set is as follows:

Product	TAM Trading Symbol	TAM Marker Price Symbol	Marker Time
NYMEX Crude Oil (CL)	CLL	CL2	4:30 p.m. London time
NYMEX Heating Oil (HO)	HOL	HO2	4:30 p.m. London time
NYMEX RBOB (RB)	RBL	2RB	4:30 p.m. London time
NYMEX Brent Crude Oil (BZ)	BZL	BZ2	4:30 p.m. London time

TAM trading is exactly analogous to the existing Trade-At-Settlement (TAS) trading: you trade at a differential to a not-yet-known price. For TAS, that not-yet-known price is the end-of-day settlement price, and for TAM, it's some other value – a "marker" price. For any given contract, there could be more than one marker relative to which you can trade. There will be a new TAM trading symbol for each new marker introduced.

The 4:30pm London marker time for the initial TAM product set corresponds to the London market close, and allows market participants to trade relative to that close. TAM trades will be allowed for these products at differential prices up to ten ticks above or below the marker price.

Regardless of whether you trade TAS or TAM, the mechanics are the same:

- On Globex, there's a separate symbol for trading each marker for a given product, exactly as there's a separate symbol for TAS trading.

- The initial trade confirmation message tells you that it's a TAS or TAM trade. If a TAM trade, it tells you which particular marker the trade is for. It provides the differential price. And it provides an estimate of what the actual price will be, by adding the differential price to yesterday's settlement price.

- Later, when the settlement or marker price is known, the true trade price is determined. An update message is sent to the firm, to tell you what that true trade price is. For TAM, there is a separate product code under which the price is reported. See the TAM Marker Price Symbol in table above.

- The Marker Price will be carried on the standard settlement price files using the Marker Price Symbol (CL2).

For example:

- **At 10am Eastern** (3pm BST), you execute a CL TAM trade at minus five ticks (-0.05).

- The previous day's end-of-day CL settlement price was 106.25

- The trade price is initially established at 106.20, which is the previous day's settlement plus the differential: (106.25) + (-0.05) = 106.20

- The CL London marker price is established at 11:30am Eastern (4:30pm BST) as 107.40.

- The trade price is recalculated as 107.35 -- the marker price plus the differential: 107.40 + (-0.05)

Testing opportunities begin June 2

Market participants and clearing firms may begin testing TAM trading on CME Globex and in clearing, in the New Release testing environment, on Thursday, June 2.

For more information

Please contact us at 312-207-2525 or CCS@cmegroup.com if you have questions or need more informaiton.

FIXML details

The messaging impact of TAM is very straightforward, and exactly analogous to that of the already-supported TAS trades. There are only two differences:

- A new value "43" for the **TrdSubTyp** attribute tells you that it's a TAM trade – for example, **TrdSubTyp="43". (**TAS trades are identified by **TrdSubTyp="40"**).

- A new **AID** block will be provided for TAM trades, to tell you the specific marker to which the trade pertains. You may use or ignore the information in this block, as you wish. This block will be identified via a source value of "112".
  For example, **<AID AltID="CL2" AltIDSrc="112"/> ; h**ere **CL2** is the marker price symbol for this particular marker.

Other aspects of the messaging are exactly the same for TAM as they are for TAS. In particular:

- The differential price is provided via the **DiffPx** attribute. For example **DiffPx="-0.05"**

- The **DiffPxTyp** attribute tells you that the differential is relative to a reference price. For example **DiffPxTyp="0"**

- The normal **LastPx** attribute provides the calculated trade price. For example **LastPx="107.35"**

- The **PxSubTyp** attribute is used to distinguish the initial value ("0") from the final value ("1") for calculated trade price. For example **PxSubTyp="0"** or **PxSubTyp="1"**

Sample Final TAM Trade Message (Changes apply to Trade Register as well)

```
<?xml version="1.0" encoding="UTF-8"?><FIXML>
<TrdCaptRpt
  RptID="12F416DBBB1TP0101C73DE1C134654944"
  TransTyp="2"                                      //"Replace" (Change)
  RptTyp="0"
  TrdTyp="0"
  TrdSubTyp="43"                                    //TAM Trade
  MtchID="FECMatchID"
  ExecID="GlobexTradeID"
  PxTyp="2"
  TrdDt="2011-04-13"
  BizDt="2011-04-13"
  MLegRptTyp="2"
  MtchStat="0"
  MsgEvtSrc="CMESys"
  RptRefID="123456789"
  TrdRptStat="0"
  TrdID="100005"
  TrdID2="173DE1G"
  TrdHandlInst="0"
  PxSubTyp="1"                                      //Final Price
  DiffPx="-0.05"                                    //Differential Price Traded
  DiffPxTyp="0"                                     //Differential Price Type
  LastQty="51"
  LastPx="107.35"                                   //Trade Price Based on Marker
  TxnTm="2011-04-13T13:46:54-05:00">
<Hdr Snt="2011-04-13T13:46:54-05:00"
  SID="CME"
  TID="685" SSub="CME"
  TSub="NYMEX"/>
<Instrmt
  Sym="CLN1"
  ID="CL"
  CFI="FXXCSO"
  SecTyp="FUT"
  Src="H"
  SubTyp="EC"
  MMY="20110700"
  MatDt="2011-06-21"
  Mult="1000.0"
  Exch="NYMEX"
  PxQteCcy="USD">
 <AID
  AltID="CL2"                                       //TAM Marker Price Symbol
  AltIDSrc="112"/>                                  //ID Source is TAM
```

Sample Final TAM Trade Message (cont.)

```
</Instrmt>
<RptSide
   Side="2"
   ClOrdID="000033GI"
   InptSrc="GBX"
   InptDev="API"
   CustCpcty="4"
   OrdTyp="L"
   SesID="RTH"
   SesSub="E"
   AllocInd="1"
   OrdID="406127"
   AgrsrInd="N">
<Pty ID="CME" R="21"></Pty>
<Pty ID="NYMEX" R="22"></Pty>
<Pty ID="ExecutingFirm" R="1"></Pty>
<Pty ID="ACCT#" R="24">
<Sub ID="1" Typ="26"/></Pty>
<Pty ID="ExecutingTrader" R="12"></Pty>
<Pty ID="OperatorID" R="44"></Pty>
<Pty ID="ClearingFirm" R="4"></Pty>
<Pty ID="SessionID" R="55"></Pty>
<Pty ID="PositionAccount" R="38">
   <Sub ID="1" Typ="26"/></Pty>
<Pty ID="SenderLocation" R="54"></Pty>
<TrdRegTS TS="2011-04-12T17:00:00-05:00" Typ="1"/>
</RptSide>
</TrdCaptRpt>
</FIXML>

####
```