



## Advisory Notice

Clearing House

14-042

TO: CDS Clearing Member Firms

FROM: CME Clearing

SUBJECT: **Enforcement of CDS Settlement Price Submission Policy**

DATE: January 24, 2014

Please be advised that effective February 3, 2014 the CDS settlement price submission policy will be enforced assessing penalties for failed or missed priced submissions pursuant to Section 8 of the CDS Manual of Operations (the language below can be found under the "Failed Submission Penalties" section on Page 46 of the manual):

*"A Failed Submissions is reported to the CDS Clearing Member at the end of the business day, and is thereby considered a Failed Obligation Day. CDS Clearing Members are allowed a maximum of three (3) Failed Obligation Days in a calendar month before being assessed a penalty. If a CDS Clearing Member exceeds three (3) Failed Obligation Days in a calendar month it will be assessed a penalty of \$10,000 per Failed Obligation Day in excess of the three (3) Failed Obligation Days. In addition, the CDS Clearing Member may be referred to the CDS Risk Committee for further discipline. Penalties collected by CME Clearing shall become part of the CDS Priority of Payments as additional CME contributed capital pursuant to CME Rule 8H802 and shall be applied to CDS losses on a pro rata basis with CME contributed capital."*

Accrued monthly penalties and failed submission counts can be referenced on the following report: 'Fxxx\_Cumulative\_Error\_Report\_yyyymmdd.csv.'

Please contact the OTC Valuations Team at [OTCValuations@cmegroup.com](mailto:OTCValuations@cmegroup.com) with any questions.

Regards,

CME Clearing