

TO: Clearing Member Firms  
Back Office Managers  
Service Providers

FROM: CME Clearing

ADVISORY #: 14-429

DATE: Thursday, November 6, 2014

SUBJECT: **Treasury Invoice Swaps Launch on December 15, 2014**

### Overview

Effective Sunday, December 14, 2014, for first trade date of Monday, December 15, 2014, CBOT shall begin to offer trading in new interest rate swap products called **Treasury Invoice Swaps** pending all relevant CFTC Regulatory review periods. These swaps shall be listed for trading solely in the form of inter-commodity spreads, known as invoice spreads, consisting of the simultaneous execution of a Treasury invoice swap and the corresponding related CBOT Treasury futures contract. Treasury Invoice Swaps will be available for trading on CME Globex, and additionally market participants may notify CBOT of block transactions in such invoice spreads via CME Clearport.

For each such invoice spread executed or reported, clearing firms will receive one trade confirmation message for the Treasury Invoice Swap and a second trade confirmation message for the related Treasury future. As described in more detail below, these trade confirmation messages will contain data which will allow firms to recognize that the transaction originated as an invoice swap.

Other than this additional data, however, the invoice swap transaction and the Treasury futures transaction will appear as any other cleared trade. ***There will be no impact to firm bookkeeping systems which already handle interest-rate swaps and Treasury futures, and no need to set up any new products in such systems.***

The following Treasury Invoice Swaps shall be available:

Two-Year Treasury Invoice Swaps (Globex Codes T1A, T2A, T3A),  
Five-Year Treasury Invoice Swaps (Globex Codes F1A, F2A, F3A),  
Ten-Year Treasury Invoice Swaps (Globex Codes N1A, N2A, N3A),  
Treasury Bond Invoice Swaps (Globex Codes B1A, B2A, B3A), and  
Long-Term Treasury Bond Invoice Swaps (Globex Codes U1A, U2A, U3A)

### Onboarding and Account Registration

Customers wishing to trade CBOT Treasury invoice swaps must register using CME Account Manager. Registration is required to facilitate proper trading and clearing for each account and accomplishes the following:

- Manages trading permissions for IRS products to authorized clearing firms that clear IRS products.
- Ensures the existence of a client-specific position account in CME Clearing for each trading account.

- Provides End-client identification via Legal Entity Identifier (LEI) for reporting to the CME Swap Data Repository (CME SDR).

As part of registering an account in CME Account Manager, each such account must be granted permission to the "CME IRS" Market Type. The registered customer account will be used to clear the Treasury invoice interest rate swap, while the Treasury futures leg will be cleared through the clearing firm's overall futures account.

### Clearing Messaging

Cleared trade confirmation messages will be generated normally for both the Treasury futures leg and Treasury invoice swap leg of Treasury Invoice Spread transactions.

A new spread sub type of 'IN' will be provided on the futures trade confirmation messages indicating that the futures trade originated as the leg of an invoice swap, both for trades done on Globex and submitted through Clearport. The syntax of the message will be:

**<Instrmt SubTyp="IN"/>**

The interest rate swap confirmation message will carry a new trade origination code of **GBX** to indicate that the swap occurred as part of an invoice swap trade for trades done on Globex. The syntax of the message will be:

**<party id="trade\_source"><partyId>GBX</partyId>**

The analogous value for swaps submitted through Clearport will be CPC, for example:

**<party id="trade\_source"><partyId>CPC</partyId>**

### Testing Opportunities

Treasury Invoice Swaps will be available for testing in CME Clearing's New Release testing environment on Monday November 24, 2014.

### For more information

- New Product Advisory14-21 for the Treasury Invoice Swaps is at:  
<http://www.cmegroup.com/tools-information/lookups/advisories/clearing/files/NPAdv14-21.pdf>
- The Globex Notice for the Treasury Invoice Swaps is at:  
<http://www.cmegroup.com/tools-information/lookups/advisories/electronic-trading/20141103.html>
- The Account Manager Notice with details about the onboarding process is at:  
<http://www.cmegroup.com/tools-information/lookups/advisories/cme-account-manager/20141105.html>
- The Globex Client Impact Document with full technical details is at:  
<http://www.cmegroup.com/confluence/display/EPICSANDBOX/CBOT+Treasury+Invoice+Swaps>
- The product filing with full details about the Treasury Invoice Swaps and how they work is at:  
[http://www.cmegroup.com/market-regulation/files/14-455\\_1.pdf](http://www.cmegroup.com/market-regulation/files/14-455_1.pdf)

For questions or further information, please contact CME Clearing Services (CCS) at 312-207-2525 or [ccs@cmegroup.com](mailto:ccs@cmegroup.com).