LIBOR Fallback; ED-to-SOFR Production Weekend Playbook

…as of April 13, 2023

© 2023 CME Group. All rights reserved.

Libor Fallback Eurodollar to SOFR Conversion - Overview

- CME will convert/transform specific Eurodollar Futures and Options open interest to corresponding SOFR positions, at a ratio of 1:1, **for Trade Date Monday, April 17, 2023**
  - CME Clearing will perform the conversion of the following ED Futures/Options and ED Mid-Curve Options contracts:

Contract Name	Clearing Code	Big Bang Transformation
EURODOLLAR FUTURES	ED	09/23 and beyond
EURODOLLAR OPTIONS	ED	09/23 and beyond
EURODOLLAR 1YR MC OPTIONS	E0	06/23 (last contract listed)
EURODOLLAR 2YR MC OPTIONS	E2	06/23 (last contract listed)
EURODOLLAR 3YR MC OPTIONS	E3	06/23 (last contract listed)
EURODOLLAR 4YR MC OPTIONS	E4	06/23 (last contract listed)
EURODOLLAR 5YR MC OPTIONS	E5	06/23 (last contract listed)

- The May/June 2023 Futures & Options will remain listed/tradeable through their Expiration Date.
  - ED 05/23 Futures, Settle on 5/15/23, ED 05/23 Options, Settle on 5/12/23
  - ED 06/23 Futures, Settle on 6/19/23, ED 06/23 Options, Settle on 6/19/23
- Early Exercises of all Option contracts that will be undergoing conversion will be prohibited on Friday, April 14th

© 2023 CME Group. All rights reserved.

Production Operational Timeline

Friday, April 14, 2023

- 4:00 pm CT: Eurodollar Futures and Options which will undergo Conversion **no longer tradeable**
- 6:00 pm CT: CME Clearing will delete/cancel all pending Out-Trades, Transfers, and Allocations in transformation-eligible contracts
- End of Day (8:00 pm CT): Finalize EOD positions for April 14
- 10:00 pm CT: Window for Clearing Firms to submit Transformation Instruction Files closes

Saturday, April 15, 2023

- 9:00 am–11:00 am CT: Firms can e-mail Transformation Instruction Files to CME Clearing for validation-only. Firms will still need to submit a final file on Sunday.

Sunday, April 16, 2023

- Start of Day: Establish SOD positions for Monday, April 17
- 7:30 am–10:00 am CT: Re-Open Window for Clearing Firms to submit Transformation Instruction Files
- 10:30 am CT: Run conversion processing on Eurodollar OI; establish resulting SOFR contracts
- 10:30 am–11:00 am CT: Generate conversion transactions and FIXML messages
- ***11:00 am CT: Notify FCMs of Conversion completion
- 5:00 pm CT: CME opens markets for trading

*Most likely 30 minutes earlier

© 2023 CME Group. All rights reserved.

Operational Responsibilities/Restrictions for Launch Weekend

- Thursday, April 13 – Friday, April 14
  - Firms to move positions from Portfolio Margin Position Accounts back into regular Position Accounts
    - Achieved by adjusting Configuration File in Optimizer to Exclude ALL ED Futures/Options and ED Mid-Curve Options Or by manually moving Transformation-eligible ED positions out from PM Position Account back to standard Position Accounts via Transfers
- Friday, April 14
  - Monitor Out-Trades in ED Futures/Options which are undergoing Transformation
    - CME Clearing will not allow any un-matched Pit Trades or unclaimed Transfers in those Contracts
    - Any unmatched Pit Trades or unclaimed Transfers in Transformation-eligible ED contracts will be deleted prior around 6:00pm CT
    - Firms will be responsible for re-establishing those Trades/Transfers in SOFR/SR3 on Monday, if necessary
  - Monitor Allocations/Reversals in ED Futures/Options which are undergoing Transformation.
    - CME Clearing will not allow any outstanding Allocations/Reversals in those Contracts
    - Any unclaimed Allocations/Reversals in Transformation-eligible ED contracts will be deleted prior to 7:00pm CT
    - Firms will be responsible for using Transfers to move the SOFR/SR3 positions on Monday, if necessary
  - Option Instructions in ED Options which are undergoing Transformation will NOT be allowed
    - CME Clearing will not allow any Options Instructions in those Contracts
    - Firms will need to wait until Monday and Exercise the SOFR Option, if necessary.
  - CME Clearing will monitor Transformation Instruction discrepancies and inform Clearing Firms …

© 2023 CME Group. All rights reserved.

Operational Responsibilities/Restrictions for Launch Weekend (…continued)

- Saturday, April 15
  - Firms will be able to e-mail Transformation Instruction Files to CME Clearing for validation
    - CME Clearing can check for file format errors and qty discrepancy errors
    - This is for file validation ONLY. Firms will still need to submit the file to FECPlus/Positions on Sunday
- Sunday, April 16 – Monday, April 17
  - CME Clearing will monitor Transformation Instruction discrepancies and inform Clearing Firms prior to Transformation Cycle
  - CME Clearing will not allow Position Adjustments or Transfers in ED contracts that were Transformed
  - Firms to process OFFSET/ONSET Transformation Transactions and process Cash Residuals
  - Firms to re-adjust Optimizer Configuration File to include remaining ED Futures/Options, if needed
  - Firms to submit PCS, taking into account the new SOFR Positions, netting down the positions as needed

© 2023 CME Group. All rights reserved.


CME Group