
Generally Acceptable Related Position Instruments for EFRPs include, but are not limited to, the following:

» Agriculture

For Dairy Products, Live Cattle, Feeder Cattle, Lean Hogs and Pork Bellies, the acceptable related position component of an EFP is limited to the specific underlying commodity (e.g., Live Cattle for Live Cattle futures); although the related position need not be deliverable grade of the particular commodity, there must be a reasonable level of correlation with the associated futures. In the case of Random Length Lumber futures, the related position must be deliverable species dimension lumber, variances are permitted with respect to grade/size and tally. Additionally, with respect to Random Length Lumber, the buyer of the cash lumber must retain ownership of the transferred product for personal use or resale to customers and may not resell the product either directly or indirectly to the original seller.

For all other agricultural futures contracts, the related position must involve the commodity underlying the futures contract or a derivative, by-product or related product that is reasonably correlated to the futures being exchanged. The related position in an EFR or EOO may be an agricultural commodity swap or other agricultural OTC instrument, but in all cases must comply with any applicable regulatory requirements prescribed by the CFTC.

» Commodity Index

For exchange contracts based on Commodity Indexes, (e.g., Goldman Sachs Commodity Index (GSCI), Dow UBS Index), acceptable related positions include ETFs provided that the ETF mirrors the relevant Commodity Index product traded on the Exchange.

» Energy

For energy contracts, the acceptable related position component for an EFP is limited to the specific underlying commodity (e.g. Natural Gas for Natural Gas Futures); although the related position need not be deliverable grade of the particular commodity, there must be a reasonable level of correlation with the associated futures. The related position in an EFR or EOO may be an energy swap or OTC swap/option instrument.

» FX

Instruments considered acceptable as the related position side of an FX EFRP transaction may include spot, forwards, FX or cross-currency basis swaps, OTC FX options, swaptions, non-deliverable forwards (“NDFs”), currency baskets and Exchange Traded Funds (“ETFs”). The historical correlation between the related position instrument and the corresponding currency pair or index component of an EFRP must be 80% or greater. The acceptability of instruments settled in a currency other than those comprising the underlying pair should be addressed with Market Regulation staff prior to engaging in the transaction.

For information regarding the submission of EFRPs:

» Using Front End Clearing, contact Clearing Services at 312.207.2525 or email ccs@cmegroup.com

» Using CME ClearPort, contact the CME Global Command Center in the U.S. at +1 800 438 8616, in Europe at +44 800 898 013, or in Asia at +65 6532 5010 or email clearport@cmegroup.com

» Interest Rates

Fixed income instruments with risk characteristics and maturities that parallel the instrument underlying the exchange contract are acceptable. Such instruments include, but are not necessarily limited to, money market instruments, Treasuries, Agencies, investment grade corporates, forward rate agreements (FRAs), mortgage instruments including collateralized mortgage obligations (CMOs) and interest rate swaps and swaptions.

» Metals

For metals contracts, the acceptable related position component for an EFP is limited to the specific underlying commodity (e.g. Gold for Gold Futures); although the related position need not be deliverable grade of the particular commodity, there must be a reasonable level of correlation with the associated futures. The related position in an EFR or EOO may be a swap or OTC swap/option instrument. Exchange Traded Funds (“ETFs”) are acceptable provided that the ETF mirrors the relevant Exchange metal product.

» Stock Index

Stock baskets must be highly correlated to the underlying index with a historical correlation to the index of 90% or greater ($r \geq .90$). Further, these stock baskets must represent at least 50% of the underlying index by weight or must include at least 50% of the stocks in the underlying index. The notional value of the basket must be approximately equal to the value of the corresponding exchange contract. ETFs are acceptable provided that the ETF mirrors the relevant Exchange stock index product.