

TO: Clearing Member Firms; Back Office Managers

FROM: CME Clearing

ADVISORY #: 16-362

DATE: September 6, 2016

SUBJECT: New Release OTC IRS Advisory – CME Clearing JPY Valuation Curves

Content:

As part of our continuing efforts to ensure a prudent risk management process for all products, CME Clearing will be incorporating the JPY CCP basis quotes in the end of day JPY valuation curves in our New Release environment on **Wednesday, September 7, 2016**. The Production date is currently scheduled for Monday, October 24, 2016.

CME Clearing utilizes the following inputs to construct the JPY 6M LIBOR forecasting curve:

- FRAs: 0D x 6M, 6M x 1Y, 1Y x 18M
- Par Swap Rates: 2Y through 10Y, 12Y, 15Y, 20Y, 25Y, 30Y, 40Y, 50Y

What is changing?

- CME Clearing will soon begin utilizing JPY CCP basis quotes from multiple independent third-party sources for the par swap rate inputs

What does not change?

- No changes to the curve components, generation algorithm, interpolation methods
- No changes to the format of the curve files published on FTP site

Downstream impacts

- The existing JPY 1M LIBOR and 3M LIBOR forecasting curves, created as a spread to the 6M LIBOR curve, will be impacted.

Please direct inquiries to the CME Client Services Team at Onboarding_Clearing@cmegroup.com or 312.338-7112.

Regards,

CME Clearing