

TO: Clearing Member Firms

FROM: CME Clearing

ADVISORY #: 16-396

SUBJECT: **APS Processing for TAS trades Effective October 10, 2016**

DATE: October 3, 2016

We are pleased to announce that Trade-at-Settlement “TAS” trades will be eligible for CME’s Average Price System (APS) beginning for trade date October 10, 2016.

APS processing for TAS trades follows the same current functionality provided for other trades. The only exception with TAS is that the final trade price is not known at the time of execution. While firms will have the ability to mark the trades for APS post execution, the APS group that contains TAS trades cannot be completed until after the settlement price for TAS is determined. Therefore, APS groups cannot be completed or allocated until the final trade price is determined.

Similar to TAM trade APS functionality, TAS APS groups may be comprised either entirely of TAS trades or consist of a mixed set of regular trades and TAS trades. In both cases the rounded price will be reported using the trade price tick of the cleared product code.

Crude Oil TAS (CLT), Natural Gas TAS (NGT), and RBOB TAS (RBT) will be available for average pricing initially with additional TAS products being added in the coming weeks.

Testing of APS on TAS in New Release environment is currently available.

Background on TAS trades:

Trade-At-Settlement (TAS) trades are executed at a differential to the current day’s settlement price for the standard contract.

Because that underlying contract value is not known at the time the trade is executed, the final trade price in absolute terms cannot be known at that time. The original trade confirmation message provides an estimated, preliminary value for the trade price. Later in the afternoon, when the closing value of the contract is known, a change message is sent, providing the updated, final value for the trade price.

For a comprehensive description of messaging attributes for TAS, TAM and BTIC trades, please see: <http://www.cmegroup.com/clearing/files/tas-tam-btic.pdf>

For more information, please contact CME Clearing at ccs@cmegroup.com or via telephone at:

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