

TO: Clearing Member Firms; Back Office Managers
FROM: CME Clearing
ADVISORY #: 17-313
DATE: August 10, 2017
SUBJECT: OTC FX New Release Advisory – OTC FX Options Clearing

Please be advised that beginning on **Wednesday, August 16, 2017**, CME Clearing will expand its OTC FX product offering and deploy support for OTC FX Options into the New Release (NR) environment.

The cleared **product scope** is illustrated below:

Currency Pair		Clearing Code	Settlement Currency*
USD/JPY	US Dollar/Japanese Yen	USDJYC	JPY
EUR/USD	Euro/US Dollar	EURUSC	USD
GBP/USD	British Pound/US Dollar	GBPUSC	USD
AUD/USD	Australian Dollar/US Dollar	AUDUSC	USD
USD/CHF	US Dollar/Swiss Franc	USDSFC	CHF
USD/CAD	US Dollar/Canadian Dollar	USDCAC	CAD
EUR/GBP	Euro/British Pound	EURBPC	GBP

**Variation Margin, Premium and Cash Settlement amounts will move in settlement currency*

- **Exercise Style:** European
- **Max Expiry:** 2 years
- **Settlement Method:** Cash-settled
- **Fixing Rate:** WM/Reuters 10:00 am New York Intraday Spot
- **Strike:** Any

NR deployment includes support for the following functionality and corresponding impacts:

- **Account Manager** – CME will allow clearing members the ability to set daily position limits for FX Options. New Market Types will be supported for “Specific” permission (e.g. OTC FXO CAD).
- **Trade Submission & Clearing Firm API** – The existing OTC FX clearing workflow will be leveraged, to include support for additional FX Option-specific attributes:
 - Strike Price
 - Put/Call
 - Expiration date
 - Security Type
 - CFI Code
 - Exercise Style
 - Settlement Method
 - Premium and Cash settlement related fields
- **Position Management** – The existing FX Deal Management System (DMS) will allow clearing members the ability to search, view and claim OTC FX Options at CME.
- **Option Exercise** – On expiry date, CME will calculate the cash settlement amount as the positive difference between the WM/Reuters 10:00 am New York fixing and the option strike, multiplied by the trade quantity for a long call position.
- **Netting** – OTC FX Options may be fully or partially netted at CME based on new netting eligibility criteria.
- **Reporting** – The existing OTC FX reports will be leveraged for FX Options clearing:
 - **FX Trade Register** – The following columns will be added to the end of this report:
 - Asset_Class
 - CFI
 - Put_Call
 - Expiration_Date
 - Setl_Amt
 - Prem_Amt
 - Prem_Date
 - Delta
 - Gamma
 - Theta
 - Vega
 - **Margin Summary** – Existing fields on this report shall reflect the IM requirement at the PB account level, to include any FX Options that are cleared.
 - **Settlement Price File** – OTC FX Options will not be made available on this report.

For further details, please refer to the latest **CME OTC FX Options Specification** document available on **IntraLinks** (<https://services.intralinks.com/login>)

If you have any questions, please contact the CME Client Services Team at onboarding@cmegroup.com or 312.338.7112.

Regards,

CME Clearing