CDS Product Advisory Notice

TO:	Clearing Member Firms CDS Market Participants
FROM:	CME Clearing (the Clearing House)
DATE:	15 December 2017
ADVISORY #:	17-491
SUBJECT:	**CDS Product Advisory – Wind-up of CDS Clearing Operations**

On September 14, CME Group announced our intention to exit the CDS clearing business by mid-2018 in order to best serve our evolving customer needs. For additional information, a copy of the press release can be found here.

Following this decision to cease providing clearing services for CDS and in accordance with the CME Rules, the Clearing House has adopted an approved plan and proposed timeline to wind-up clearing operations for CDS Products and for the bulk porting of all open interest in CDS Contracts to ICE Clear Credit LLC ("ICE") (the "Transition of Open Interest").

Pursuant to Rule 8H28.1(c) the Clearing House hereby provides written notice to CDS Clearing Members and market participants that, subject to CFTC approval, the Rules and the terms set out in this Advisory Notice, on the later of March 16, 2018 or a subsequent date to be advised following a CFTC order permitting the Transition of Open Interest (the "Transition Date"), the Clearing House will transition to ICE all open interest in CDS Contracts held at the Clearing House as at the Transition Date. The Transition of Open Interest will be effected by CME closing out all open interest in CDS Contracts at CME at the Transition Date and the simultaneous establishment by ICE of corresponding positions at ICE (the "New ICE Positions").

Up to and including the Transition Date, CME will continue to provide a clearing service for open CDS Contracts subject to the right of the Clearing House to refuse to accept new CDS Contracts submitted for clearing on or after the date 3 Business Days prior to the Transition Date (the "Contract Suspension Date"). Market participants not wishing to participate in the Transition of Open Interest should close out any positions in CDS Contracts prior to the Contract Suspension Date.

All other market participants should work with their CDS Clearing Member(s) to ensure that relevant accounts are opened at ICE prior to the Contract Suspension Date in order to accept the New ICE Positions. The New ICE Positions will be established in the corresponding ICE contracts for the relevant market participants, on the same terms and conditions as other ICE contracts of the same index and series under the ICE clearing rules. No margin, performance bond or similar assets will be transferred from CME to ICE in connection with the Transition of Open Interest.

CME is committed to work with CDS open interest holders and regulators to ensure an efficient and seamless transition for the credit market.

The Transition of Open Interest is subject to CFTC approval. The Clearing House reserves the right to amend the Transition Date or to cancel the Transition of Open Interest by written notice.

Capitalized terms used and not defined herein shall have the meaning set out in the CME Rules.

Contact details

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