

TO: Clearing Member Firms; Back Office Managers

FROM: CME Clearing

ADVISORY #: 19-193

DATE: 06/20/2019

SUBJECT: OTC IRS Production and New Release Advisory – Compression Enhancements

Please be advised that two compression enhancements are scheduled for release. These enhancements allow for additional swaps to be eligible for netting and coupon blending. The technical impacts are considered backwards compatible. However, Clearing Firms will need to ensure they are managing their trade populations as more trades become eligible for compression. Test trades can be backloaded to clearing firm accounts upon request.

Coupon Blending of Basis Swaps is scheduled for New Release on Wednesday, June 26, 2019 and Production on Monday, July 15, 2019.

- Basis Swaps are now eligible for standard and enhanced blending (50% greater/lower spread). All basis swaps, including SOFR and Fed Funds basis swaps are supported.
- Blending IDs to populate on the Trade Register
- Basis Swaps are shown in the “Netting Blending” tab of Deal Management System (DMS)
- Both full and partial blending are supported

Expansion of Variable Notional Swaps eligible for Netting is available in New Release and scheduled for Production on Monday, July 1, 2019.

- VNS netting criteria has been updated to only consider current and future coupon periods when determining netting eligibility. This enhancement allows more VNS swaps to be economically compatible for netting.
- Only Full Netting is supported for VNS

For questions or testing assistance, please contact the CME Client Services Team at onboarding@cmegroup.com or 312.338.7112.

Regards,

CME Clearing