

TO: Clearing Member Firms; Back Office Managers
FROM: CME Clearing
ADVISORY #: 19-363
DATE: November 1, 2019
SUBJECT: OTC IRS Production Advisory – USD Fed Funds Discounting Curve Change

As part of our continuing efforts to ensure a prudent risk management process for all products, CME Clearing will be incorporating additional short-term OIS inputs into the USD Fed Funds discounting curve.

This curve is used for end of day valuation of USD interest rate swaps (IRS) and as a pre-requisite curve for MXN and NDIRS discounting. This change is live in the New Release environment and will be reflected in Production on **Monday, November 4, 2019**.

What is changing?

USD Fed Funds Discounting Curve	
Existing Inputs	OIS: 3M, 6M, 9M, 1Y, 18M, 2Y FRA: 0Dx3M Eurodollar Future: First Six Contracts (w/ convexity adjustment) 3M IRS: 2-10Y, 12Y, 15Y, 20Y, 25Y, 30Y, 40Y, 50Y Fed Funds/Libor Basis: 3-5Y, 7Y, 10Y, 12Y, 15Y, 20Y, 25Y, 30Y, 40Y, 50Y
Additional Inputs	OIS: 1M, 2M, 4M, 5M

The following end-of-day USD curve file will be updated to reflect the above additional inputs:

- IRS_USD_CURVE_YYYYMMDD.nr.csv

What does not change?

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

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

Regards,

CME Clearing