



Clearing Advisory Notice

DATE: May 14, 2021

TO: Clearing Member Firms

FROM: CME Clearing

ADVISORY #: 21-178

SUBJECT: **CME AIR Futures on the FTSE® 100 Total Return Index
launching June 7, 2021**

On June 7, 2021, CME will launch trading in our second Adjusted Interest Rate (AIR) contract, a GBP-denominated future on the FTSE 100 Declared Dividend Total Return Index. The initial contract, on the S&P 500 Total Return Index was launched on September 18, 2020, with open interest currently above 115K.

The product codes are as follows:

- For the existing S&P 500 Total Return future: **AST** for the BTIC contract, **ASR** for the cleared contract, **ASM** for the marker (index) contract
- For the new FTSE 100 Total Return future: **AFT** for the BTIC contract, **AFR** for the cleared contract, **AFM** for the marker (index) contract

An AIR BTIC trades in basis points at a differential to an underlying benchmark interest rate. The new AIR FTSE contract will use the Sonia interest rate. The daily cycle will be as follows:

- **About 10:30 am London time (typically 4:30 am Chicago):** The Sonia rate for the previous business day is observed, and today's final value of the key accrued funding number for the FTSE contract is calculated and published. Market participants may now use this number for pricing their BTIC deals.
- **About 8:35 am Chicago time:** The Fed Funds rate for the previous business day is observed, and today's final value of accrued funding for the S&P 500 contract is calculated and published.
- **About 5 pm London time (typically 11:00 am Chicago):** today's daily settlements for the FTSE contracts are published, together with their preliminary values for tomorrow's accrued funding.
- **About 4 pm Chicago time:** today's daily settlements for the S&P contracts are published, together with their preliminary values for tomorrow's accrued funding.
- **About 6:10 pm Chicago time:** everything is republished one final time.

Because the accrued funding number for each day is so important, we've made it available in a variety of ways:

- **Bloomberg:** The values for the existing AIR contract on the S&P 500 Total Return Index can be found on Bloomberg via ID fields P2937 or Q2937.
- **AIR TRF calculator on the web:** You can read the accrued funding number from our [AIR TRF calculator](#) on the web. Key in your BTIC price and the estimated daily value of the index and the calculator returns your cleared futures trade price.
- **AIR Datafiles:** we make the accrued funding values, together with all related values which will allow you to replicate our calculations, via easy-to-use CSV-format datafiles. Here's [complete documentation](#) for the AIR files, and here's how to obtain them:
 - Download them from CME's website using any web browser at <https://cmegroup.com/ftp/settle/air>.
 - Download them from CME's public FTP site using any FTP client, or via a web browser which supports FTP, at <ftp://ftp.cmegroup.com/pub/settle/air>.
 - If you have a logon on CME's private FTP server (the "Firm FTP Server", aka the SFTP Server), the files are available in the **pub/settle/air** directory.
 - If you prefer to use CME's **EREP** report distribution application, you can find the datafiles with report ID's **AIR_TOP** and **AIR_COMP**, and, coming on June 7th, **AIR_TOP_GBP** and **AIR_COMP_GBP**.
 - If you prefer to receive the files via email, we can do that also. Drop us a line at ccs@cmegroup.com to get set up.
- **Reference Data API:** CME makes a comprehensive set of product reference data available via a web-based API called the [Reference Data API](#), or RDAPI, including the daily numbers for the AIR contracts accrued funding. If you want to automate getting the numbers and prefer to use a web-based API, then RDAPI is the thing for you. Here are [details on getting AIR data via RDAPI](#).
- **Settlements & Valuation Channel:** last but not least, we have received a variety of requests to make AIR accrued funding numbers available via CME's market data infrastructure, and are pleased to report that the AIR accrued funding data will be available via the [Settlements and Valuation \("S&V"\) Channel](#) beginning June 7. Here's the [details on AIR data via S&V](#).

There's no bookkeeping system impact associated with the new AIR FTSE contracts, as they work just like the AIR S&P contracts and indeed like any BTIC contract.

Your original trade confirmation message in the cleared contract indicates that it was done as a BTIC trade (via FIXML tag **TrdSubTyp="43"**) and with the marker product code specified via FIXML tags (**AltID="AFM" AltIDSrc="112"**), and provides the BTIC (differential price) (for example, **DiffPx="-16.5"**) as well as a preliminary value (**PxSubType="0"**) of the cleared futures trade price.

During the day, as the underlying index moves, you may receive messages advising you of updated preliminary values of the cleared futures trade price, and once the final value for the index is known, you receive a message with the final value (**PxSubType="1"**) of the cleared futures trade price.

Holiday behavior: The AIR FTSE 100 contract is denominated in GBP and based on the UK FTSE 100 Total Return index. Thus, CME will calculate accrued funding values for the AIR FTSE contract on every UK business day (more precisely, on every week day on which that index is published), regardless of whether that day is a US business day. The pricing of BTIC deals in the AIR FTSE contract will follow the UK calendar, even though clearing will continue to follow the normal CME exchange calendar.

For example, take Monday, July 5, 2021, which is the observed US holiday of Independence Day and a UK business day. An AIR FTSE BTIC trade done at noon London time on that date will be priced using the accrued funding value for Monday July 5 and the closing value of the FTSE 100 Total Return Index for Monday July 5. The logical trade date of that transaction will be assigned on Globex and in Clearing as Tuesday July 6, however, and in the special holiday clearing cycle on July 5 the settlement prices for the AIR FTSE contracts will simply be carried over from the values determined on the preceding Friday.

Thus, although you can trade according to the UK calendar, we preserve the normal CME convention that on exchange holidays, there are no new trades cleared and no VM amounts for normal futures and options.

For more information, please see:

CME's main page for AIR futures, at [cmegroup.com/airtrf](https://www.cmegroup.com/airtrf). This has a wealth of information about AIR futures – it's your one-stop shop.

Special Executive Report SER-8765: Initial Listing of the Adjusted Interest Rate FTSE® 100 Total Return Declared Dividend Index Futures Contract, published May 11, 2021, at: <https://www.cmegroup.com/content/dam/cmegroup/notices/ser/2021/05/SER-8765.pdf>

New Product Summary 21-175: Adjusted Interest Rate FTSE® 100 Total Return Declared Dividend Index Futures, published May 12, 2021, at: <https://www.cmegroup.com/content/dam/cmegroup/notices/clearing/2021/05/Chadv21-175.pdf>

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Globex Notice 20210510, published May 13, 2021, at:

<https://www.cmegroup.com/notices/electronic-trading/2021/05/20210510.html#ftse100>

CME Clearing Advisory 20-314, published August 11, 2020, has a useful description of the calculations, at:

<https://www.cmegroup.com/content/dam/cmegroup/notices/clearing/2020/08/Chadv20-314.pdf>

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