

TO: Clearing Member Firms; Back Office Managers

FROM: CME Clearing

ADVISORY #: 21-284

DATE: 8/16/2021

SUBJECT: OTC IRS New Release Advisory – 2021 ISDA Interest Rate Definitions: New Floating Rate Options

CME will begin supporting the 2021 ISDA Interest Rate Definitions in our New Release environment on **August 25, 2021**. The primary operational and technical impact is support for the new 2021 Floating Rate Option (FRO) labels on new trades submitted to clearing. Thirty-four of the thirty-five FROs CME clearing supports today, under the 2006 ISDA IR Definitions, will have a corresponding FRO label under the 2021 ISDA IR Definitions. Clearing support will continue for OTC IR products referencing the 2006 FRO labels.

CME will not be making any CME Rulebook changes as part of the New Release deployment.

New Trades:

- CME will accept trades under the legacy (2006) and new (2021) FRO labels for clearing
- All messaging and reporting to Clearing Firms will reflect the same FRO label provided on trade submission to clearing

Legacy Trades:

- Existing cleared trades will retain the 2006 FRO label; no impact to this trade population
- EOD reporting for this population will retain the 2006 FRO label

Operational Processing:

- IRS Rate Reset report (IRSRR) will be enhanced to include the new (2021) FRO labels
- Trade confirmation messaging and IRSTR reporting will support the new (2021) FRO labels
- CME Compression logic will be updated to ensure trades under the 2006 and 2021 FRO labels are netting/blending eligible; trades will be treated as fungible
- Please see CME's operational specification on IntraLinks for the full list of supported FROs

For questions, please contact the CME Client Services Team at onboarding_clearing@cme.com or +1 312 338 7112.

Regards,

CME Clearing