

TO: Clearing Member Firms; Back Office Managers

FROM: CME Clearing

ADVISORY #: 21-420

DATE: 11/15/2021

SUBJECT: OTC IRS New Release Advisory – Coupon Blending Enhancement

Please be advised that CME will enhance the current compression eligibility for interest rate swaps, supporting coupon blending of fixed-float swaps having varying fixed rates and trade spreads. This enhancement will be available for testing in the New Release environment on **Wednesday, November 17, 2021** and in the Production environment on Monday, December 6, 2021. This enhancement will allow risk-free rate replacement swaps that carry the ISDA spread adjustment, created from the GBP/CHF/JPY LIBOR conversion, to be eligible for coupon blending with existing risk-free rate swaps that do not carry a trade spread.

- The enhanced compression logic will allow trades to become eligible for blending when the compression group includes:
 - ✓ varying fixed rate and no spread
 - ✓ same fixed rate and varying spread
 - ✓ varying fixed rate and same spread
 - ✓ varying fixed rate and varying spread
- Both full and partial blending will be supported
- Blending IDs will reflect all coupon blending eligible trades on the Trade Register
- The fixed-float swap's trade spreads will be shown in the "Netting Blending" tab of CME's Deal Management System (DMS)

Please Note: IRS clearing members and clients are **not** required to elect for this new compression functionality. The existing coupon blending logic will be enhanced to support the above compression scenarios.

For questions, please contact the CME Client Services Team at onboarding_clearing@cmegroup.com or +1 312 338 7112. For further details, please refer to the latest *CME-IRS-Netting-and-Blending-Overview* document available on [Intralinks](#).

Regards,
CME Clearing