

TO: Clearing Member Firms; Back Office Managers

FROM: CME Clearing

ADVISORY #: 23-121

DATE: April 11, 2023

SUBJECT: **LIBOR Fallback; ED-to-SOFR Fallbacks Conversion Production Weekend - REMINDER**

As a reminder... Further to CME Rulebook Chapter [452](#), Chapter [452A](#) and SER [9115](#), ahead of the scheduled final publication of a “representative” 3M USD LIBOR reference rate on June 30, 2023, following close of business on Friday, April 14, 2023, CME will convert specific Eurodollar Futures and Options open interest to corresponding SOFR positions, at a ratio of 1:1, for Trade Date Monday, April 17, 2023.

CME Clearing will perform the conversion of the following ED Futures/Options contracts:

Contract Name	Clearing Code	Contract
EURODOLLAR FUTURES	ED	09/23 and beyond
EURODOLLAR OPTIONS	ED	09/23 and beyond
EURODOLLAR 1YR MC OPTIONS	E0	06/23 (last contract listed)
EURODOLLAR 2YR MC OPTIONS	E2	06/23 (last contract listed)
EURODOLLAR 3YR MC OPTIONS	E3	06/23 (last contract listed)
EURODOLLAR 4YR MC OPTIONS	E4	06/23 (last contract listed)
EURODOLLAR 5YR MC OPTIONS	E5	06/23 (last contract listed)

The May/June 2023 Futures & Options will remain listed and tradeable through their Expiration Date.

- ED 05/23 Futures, Settle on 5/15/23, ED 05/23 Options, Settle on 5/12/23
- ED 06/23 Futures, Settle on 6/19/23, ED 06/23 Options, Settle on 6/19/23

CME Clearing pays and collects will occur on Tuesday, June 20<sup>th</sup> due to the U.S. Banking holiday on Monday, June 19<sup>th</sup>. The ICE LIBOR Benchmark used for settlement of June ED Futures will be for Monday, June 19<sup>th</sup>.

Conversion Results will be based on end of day (EOD) Positions from Friday, April 14, 2023, in conjunction with the Transformation Instructions (Position Breakdown) submitted by Clearing Firms.

#### DOCUMENTATION

Please see Chapter [452](#) and Chapter [452A](#) of the CME Rulebook and associated conversion [methodology](#) for legal and technical details.

More details about the Transformation Instructions and the mechanics of the Conversion can be found in the [LIBOR Fallback ED-to-SOFR Specification Document](#).

Please see the [LIBOR Fallback ED-to-SOFR Production Weekend Playbook](#) for more details around the schedule and operational aspects of the transition weekend.

#### PRODUCTION WEEKEND HIGHLIGHTS

## Some highlights from the Playbook

- Early Exercises of all Option contracts that will be undergoing conversion will be prohibited on Friday, April 14<sup>th</sup>
  - Early Exercises will still be allowed for the May 2023 and June 2023 ED Options
- Pit Out-Trades, Unclaimed Transfers, and Unclaimed Allocations (Give-ups, Average Priced Allocations) will be deleted from FECPlus prior to the EOD Cycle, at 6:00pm CST, for all conversion-eligible contracts.
  - Firms will need to correct the resulting SOFR Positions on Monday.
- Clearing Firms can e-mail Transformation Instruction Files to CME Clearing for validation-only on Saturday 4/15 between 9:00-11:00am CST
  - CME Clearing can check for file format errors and qty discrepancy errors
- Clearing Firms submit Transformation Instructions by 10:00pm CST on Friday 4/14 or on Sunday 4/16 between 7:30-10:00am CST
- Transformation runs ~11am CST on Sunday 4/16, for Trade Date 4/17

Please contact CCS with any questions around the ED-to-SOFR Conversion.

For more information, please contact CME Clearing at [ccs@cmegroup.com](mailto:ccs@cmegroup.com) or via phone at Chicago (312) 207 2525 | London (44) 203 379 3198 | Singapore (65) 6593 5591