



20 South Wacker Drive
Chicago, IL 60606-7499
www.cme.com

312/930.3170 tel
312/930.3187 fax

Advisory Notice

Clearing House

TO: Clearing Member Firms
Chief Financial Officers
Back Office Managers

FROM: Clearing House Department

DATE: August 30, 2006

ADVISORY #: 06-215

SUBJECT: **September 2006 CBOT Financial Delivery Cycle**

For your information, following is an overview of the CBOT Financial delivery cycle as well as a reminder of the CME Delivery guarantee.

Firms are also reminded of the key delivery dates for the September contracts. **CME Clearing House will be contacting firms on the last trade dates below to confirm their final positions.**

| <i>Products</i> | <i>Initial Inventory</i> | <i>First Intent</i> | <i>First Notice</i> | <i>First Delivery</i> | <i>Last Trade</i> | <i>Last Intent</i> | <i>Last Delivery</i> |
|-------------------------------|--------------------------|---------------------|---------------------|-----------------------|-------------------|--------------------|----------------------|
| <i>T-Bonds/10Yr. Notes.</i> | <i>Aug 30</i> | <i>Aug 30</i> | <i>Aug 31</i> | <i>Sept 1</i> | <i>Sept 20</i> | <i>Sept 27</i> | <i>Sept 29</i> |
| <i>2 Yr. Notes/5Yr. Notes</i> | <i>Aug 30</i> | <i>Aug 30</i> | <i>Aug 31</i> | <i>Sept 1</i> | <i>Sept 29</i> | <i>Oct 2</i> | <i>Oct 4</i> |

The CBOT Financial delivery cycle involves three days. The major events on each date are listed below:

Day 1

- Intents must be entered into the Delivery System by 8:00 p.m.
- Assignment processing will occur after 8:00 p.m. daily.

Day 2

- Shorts must select the instruments they will deliver and confirm their invoices by 2:00 p.m.
- Longs may enter bank account information on invoices the shorts have confirmed until 4:00 p.m.

Day 3

- Physical delivery of the intents of Day 1 in the 30 Year Bond, 10 Years Note, 5 Year Note contracts occurs prior to 1:00 p.m.
- Longs or shorts must notify the CME Clearing House of a failed delivery by 2:00 p.m. in order to avail themselves of the guarantee protections pertaining to the delivery process.

Firms that have long positions should maintain those positions daily throughout the delivery cycle, adding and removing dates as necessary. CME and CBOT staff will be monitoring firm positions and long date totals.

Issues and Stops Report will be available at approximately 9:00 p.m. nightly on the CBOT web site (<http://www.cbots.com/cbot/pub/page/0,3181,1216+I,00.html>). The report is also available in info pack as report name DLR602. The firm assignment reports will be made available nightly under Info pack report name DLR650F nightly. CME will generate invoices on Info pack for Financial products after 4:00 p.m. daily starting on the day after the first intent day. These are available as report DLR675F.

Delivery Guarantee Obligations

Clearing firms are reminded that pursuant to CME Rule 771, Settlements on Delivery Fails, they must notify the Clearing House within sixty minutes of a failed delivery obligation. The non-defaulting firm is responsible for contacting the Clearing House within sixty minutes in the event of a delivery fail. These provisions are modeled after those formerly in place at BOTCC. CME Rule 771 states:

"In the event a clearing member fails to fulfill its specific delivery obligations regarding a CBOT product pursuant to CBOT rules, the sole obligation of the Exchange is to pay reasonable damages proximately caused by the default, but in no event is the Exchange obligated to either: (1) pay any damages greater than the difference of the delivery price of the specific commodity and the reasonable market price of such commodity at the time delivery is required according to the Rules of the Exchange; or (2) make or accept delivery of the actual commodity; or (3) pay any damages relating to the accuracy, genuineness, completeness, or acceptableness of certificates, instruments, warehouse receipts or other similar documents; or (4) pay any damages relating to the failure or insolvency of banks, depositories, warehouses, or similar organizations or entities that may be involved with a delivery.

Notwithstanding any provision of the rules, the Exchange has no obligation or liability to any clearing member or any other person relating to a failure to fulfill a delivery obligation unless it is notified by the non-defaulting clearing member of such failure as soon as possible, but in no event later than sixty minutes after the time the delivery obligation was to have been fulfilled according to the rules of the CBOT.

All delivery obligations of a clearing member to another clearing member which are not fulfilled by the clearing member shall be deemed an obligation of the defaulted clearing member to the Exchange. These obligations must be fulfilled to the Exchange within sixty minutes of the time the obligations were required to be fulfilled to the non-defaulting clearing member."

If you have any questions regarding the physical delivery process please contact CME Deliveries Unit at (312) 930-3172