

## Advisory Notice

Clearing House

To: Clearing Member Firms,  
Back Office Managers,  
Bookkeeping Service & System Providers

From: Clearing House Department

Date: May 2, 2007

Advisory #: 07-98

Subject: REMINDER: CME-FLEX Option System Enhancement **Effective Friday, May 4, 2007**

On **Friday, May 4, 2007**, FLEX option processing for CME products will be migrated from the current 3270-based application to a two-sided trade entry process in Front End Clearing. As part of this migration, CME trading floor staff will no longer enter FLEX trades in clearing. In other words, "pit-side" matching will be eliminated. Clearing firms will be responsible for submitting FLEX trades to FEC for CME products, exactly as they currently do for CBOT flex options. After trades are entered in FEC, CME will send FLEX clearing confirms to clearing firms.

No changes will be made to the current practice of purging unmatched FLEX trades will from clearing after the 7:00 pm trade submission deadline. As with CBOT flex options, CME FLEX trades may be given-up via ACS, but cannot be average priced.

Please note RFQ (Request for Quote) processing will not be modified. RFQ's must still be submitted in order to trade flex options.

Finally, later this year, when FIXML support for pit trades is added, firms will be able to submit flex option trades by sending FIXML messages.

Please reference the chart below to assist with entering CME FLEX trades.

Product	Flex Clearing Code	True Decimal Strike Price	FEC Strike Price
SP	XP	1535.0	153500
ND	XH	2800.0	280000
NK	XN	9500.0	950000
RL	XU	1100.0	110000

For more information, please contact CME Clearing at 312-207-2525 or e-mail at [ccs@cme.com](mailto:ccs@cme.com).

Thank you!