



Advisory Notice

Clearing House

TO: Clearing Member Firms
FROM: CME Clearing
ADVISORY #: 08-178
SUBJECT: Online Customer Account Registration for CME Clearing360
DATE: August 12, 2008

Online Customer Account Registration Application now available for CME Clearing 360

We are pleased to announce the new online **Clearing 360 Account Registration** application.

The online application replaces the paper-based Exhibit A to the Clearing 360 Firm agreement. You can use the new application to **register customer accounts** for which trades will be submitted through the Clearing 360 application programming interface (API), and specify data for each account:

- The account number, CTI and origin code you wish on the trades when they are received
- An “account alias” which is a globally unique alias and may be used when submitting trades in place of the account and firm numbers
- The firm numbers to be used when submitting trades for CME and CBOT products, respectively
- The “sources” from which you wish to accept trades
- The brokers from which you wish to accept trades

To use Clearing 360, clearing firms must sign the CME Clearing360 Clearing Firm Agreement. Signing this agreement is a one-time thing. **We urge all clearing firms that have not already executed this agreement to do so promptly.**

The Clearing 360 Clearing Firm Agreement is available at:
<http://www.cme.com/cme/clearing/clr/clradv/files/Chadv08-144.pdf>

To obtain access to the new online Account Registration application, clearing firms must submit an Appendix C – a “Clearing 360 Online Access Request” -- for each employee they wish to have such access.

Appendix C is available at:
<http://www.cme.com/cme/clearing/clr/clradv/files/Chadv08-179.pdf>

As indicated above, using the new online Account Registration application is equivalent to executing an Exhibit A to the Clearing Firm Agreement for each registered account.

Exhibit A is available at:

<http://www.cme.com/cme/clearing/clr/clradv/files/Chadv08-145.pdf>

Executed CME Clearing360 Clearing Firm Agreements and Exhibits may be submitted by scanning them and emailing the resulting PDF file to firmsupport@cmegroup.com, or by faxing them to 312-338-2626.

General information on the CME Clearing 360 API

The CME Clearing360 API provides a new and more efficient means to report privately-negotiated trades and get them submitted to clearing. The goal is to make processing easier and more straight-through for traders, brokers and clearing firms.

The new “CME Clearing360 Trade Reporter” feature of the CME EOS Trader user interface is one of the most important applications which can write to the Clearing 360 API. Using the web-based Trade Reporter application, for example, a trader can report a block trade in a Eurodollar options strategy. Clearing 360 will:

- Price all the legs of the strategy
- Verify that the trade conforms with minimum quantity rules for Eurodollar blocks
- Eliminate the need for a phone call to the Globex Control Center (GCC), and cause the trade to be reported to the market
- Submit the trade to clearing
- Cause the trade automatically to be loaded to the two clearing firms, once the trade has either passed a credit check on both sides, or been explicitly accepted

Bottom line: Your trading will be more efficient with:

- No need for a call to the GCC to report the trade.
- No need for the clearing firm to submit the trade - trade details will automatically flow from the clearing system to the clearing firm.

Pivot Inc. is another technology provider which has written to the Clearing 360 API, primarily for CME Group weather contracts. **The new “CME Connect” feature of Pivot’s Instant Markets system talks directly to the API.** Using CME Connect, brokers can directly submit block trades in weather futures and options on behalf of the two traders involved and their clearing firms.

This CME Clearing360 API is intended for use with all privately-negotiated transaction types for all CME Group products that apply. Besides block trades, the most important type is OTC privately-negotiated transactions, such as CBOT OTC ethanol contracts. Clearing 360 also supports EFPs and EFRs.

Currently, for each CME Clearing360 trade, the clearing firm on each side must explicitly accept (“claim”) the trade, before it becomes a cleared transaction. **In the near future, however, we will introduce a real-time credit check.** Clearing firms will register each account, via the new Account Registration system mentioned above, for which they wish to accept CME Clearing360 transactions, and will have the option to specify a credit limit for each account. When a transaction is received for a registered account, if the aggregate risk exposure for that trade

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together with other CME Clearing360 trades cleared today is less than the specified limit, the trade will be automatically accepted.

We believe this credit checking feature will benefit your business. For clearing firms, as trades are received by the system for a particular customer, they will be automatically accepted and flow into your bookkeeping system, provided the aggregate daily risk exposure is less than a value you have specified. On the other hand, if the trade fails the automated credit check, the clearing firm will still have the ability to manually claim it, or simply increase the credit limit.

CME Clearing is happy to demonstrate the features of Clearing 360 to interested clearing firms. To arrange a demonstration, or to obtain further information, please contact CME Clearing at 312-207-2525.