

Advisory Notice

Clearing House

TO: Clearing Member Firms,
Chief Financial Officers,
Back Office Managers

FROM: Clearing House Department

DATE: September 22, 2004

ADVISORY #: 04-165

SUBJECT: **September 2004 CBOT Financial Delivery Cycle**

The following includes Clearing Firm obligations, deadlines and requirements for CBOT Financial deliveries as well as the CME Delivery guarantee obligations.

September 28, 2004

- Last Intent Day for 30 Year Bond, 10 Year Note, 5 Year Note, Mini 30 Year Bond and Mini 10 Year Note contracts:
 - Short delivery intents must be submitted to the Delivery System by 4:00 p.m.
 - Assignment processing will occur at 8:00 p.m.

September 29, 2004

- Shorts must select the instruments they will deliver and confirm their invoices by 3:00 p.m.
- Longs may enter bank account information on invoices the shorts have confirmed until 4:00 p.m.
- CBT Financial Products Invoices (DLR675F) will be available via Infopac by 4:15 p.m.

September 30, 2004

- Physical delivery of 30 Year Bond, 10 Years Note, 5 Year Note, Mini 30 Year Bond and Mini 10 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.
- Longs may enter bank account information on confirmed invoices until 4:00 p.m.
- CBT Financial Products Invoice (DLR675F) available via Infopac by 4:15 p.m.

October 1, 2004

- Last Intent Day for 2 Year Notes:
 - Short delivery intents must be submitted to CME Clearing House by 4:00 p.m.
 - Assignment processing will occur at 8:00 p.m.

October 4, 2004

- Shorts in the 2 Year Note must select the financial instruments they will deliver and confirm their invoices by 3:00 p.m.
- Longs may enter bank account information on confirmed invoices until 4:00 p.m.

October 5, 2004

- Physical delivery of 2 Year Notes 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.

CBOT Financial Delivery Cycle

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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."

Calls regarding the delivery guarantee should be directed to Linda Elliott (312.930.3174), Laura Buschny (312.634.1598) or Morgan Culverhouse (312.930.2892).

Please contact CME Deliveries Unit at 312.930.3172 with any delivery related questions.