

Advisory Notice

Clearing House

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

FROM: Clearing House Department

DATE: *May 27, 2004*

ADVISORY #: 04-98

SUBJECT: **Currency Deliveries Using CLS**

Clearing firms are reminded of the option to use the CLS method for satisfying their Currency Delivery obligations. CLS may be used to deliver the following currency contracts:

Australian Dollar	Euro FX	GBP/CHF Cross Rate	EUR/SEK Cross Rate
British Pound	Japanese Yen	GBP/JPY Cross Rate	EUR/AUD Cross Rate
Canadian Dollar	Norwegian Krone	CAD/JPY Cross Rate	EUR/CAD Cross Rate
E-mini Euro FX	Swedish Krona	CHF/JPY Cross Rate	EUR/CHF Cross Rate
E-mini Japanese Yen	Swiss Franc	EUR/NOK Cross Rate	EUR/GBP Cross Rate
AUD/JPY Cross Rate	AUD/CAD Cross Rate	EUR/JPY Cross Rate	CME\$INDEX

In order to utilize CLS the firm or customer of a firm must have a relationship with a CLS Settlement Member. Clearing firms or customers of clearing firms wishing to start using CLS as a delivery method must notify the Clearing House before the first business day of the delivery contract month in order to be eligible to participate. Once the Clearing House has been notified the Firm's bank will be added to the Clearing 21 Currency Delivery System as a valid CLS Bank. Firms need only notify the Clearing House once.

Important CLS Notes

- When entering trades into CLS the firm or customer of the firm using CLS should not invert the CME settlement price. Also the "Triangulate" feature in the various CLS Systems should be avoided. Using either of these features will result in an amount that may cause the CLS trade to be unmatched.
- If the firm or customer of the firm will be entering multiple line items into CLS then the clearing firm should enter the same multiple commitments into the Clearing 21 Currency Delivery System.

CLS Liquidity Charges

According to Rule 735, if CME incurs any liquidity charges due to CLS settlement these may be passed on using a pro rata basis to users of CLS.

Please contact CME Deliveries Unit at 312-930-3172 with any delivery related questions.