

Advisory Notice

Clearing House

TO: Clearing Member Firms, etc
FROM: Clearing House Department
ADVISORY #: 07-77
DATE: March 22, 2007
SUBJECT: Exchange for Risk (EFR) Trade Type – **Effective Monday, April 30, 2007**

Beginning **Monday, April 30, 2007**, CME will implement the **Exchange for Risk** (EFR) trade type in CME Agricultural contracts. EFRs consist of the exchange of an agricultural or other commodity futures position by counterparties in an OTC commodity swap. EFRs are similar to Exchange for Physicals (EFPs) in which counterparties exchange futures and physical commodity positions, or Exchange Basis Facility (EBFs) transactions, in which counterparties exchange futures and interest rate swap positions.

EFRs and EFPs are distinct trade types and both EFRs and EFPs will be available for trading in all CME Agricultural contracts, namely:

- Live Cattle
- Lean Hogs
- Frozen Pork Bellies,
- Milk (Class III)
- Class IV Milk
- Nonfat Dry Milk
- Feeder Cattle
- Butter
- Butter (Cash Settled)
- Dry Whey (launching March 19, 2007)
- Lumber
- Diammonium Phosphate
- Urea Ammonium Phosphate,
- Urea
- Ethanol

Clearing EFRs

The following details clearing processing considerations for EFRs:

- TREX messages: There will be an “R” in the Trans Type field, position 50
- FIXML: EFRs are identified by TrdTyp of “12”
- EFRs are processed in the same manner as EFPs, via two-sided match
- Fees: There are no fee implications (“special pricing”) with regards to EFRs; they fall under the standard pricing for EFPs

For questions regarding this notice, please contact CME Clearing Services at (312) 207-2525. Thank you.