

Advisory Notice

Clearing House

TO: Clearing Member Firms,
Back Office Managers,

FROM: Clearing House Department

ADVISORY #: 06-32

DATE: February 9, 2006

SUBJECT: **Reminder:** New "SUB" Privately-Negotiated Trade Type

In March, pending CFTC approval, CME will introduce a new privately-negotiated trade type called a "SUB", which is short for Substitution of Futures for Forwards.

Note that full details of this new trade type were published on August 23, 2005, in Clearing Advisory 05-183, available at <http://www.cme.com/files/Chadv05-183.pdf>.

Although these transactions are not EFP's, they will be handled in clearing and bookkeeping systems in the same manner. For example, for a SUB in an interest-rate product:

- Both sides must submit the trade to clearing, where they will go through a trade match process.
- The trade may be submitted either manually, via keying it into the browser-based user interface for Front-End Clearing (FEC), or by sending a FIXML message
- Upon trade match, firms may choose to receive either a TREX or FIXML message to load to books.

The TREX trade type code for SUB's is **F**, and the FIXML trade type code is **23**. Note that SUB's may be in futures with daily expirations as well as standard monthly expirations.

Full details of the initial SUB's products will be published shortly, as well as additional testing opportunities for firms.