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## Advisory Notice

Clearing House

TO: Operational Staff  
Back Office Managers

FROM: Clearing House Department

ADVISORY #: 06-60

DATE: March 14, 2006

SUBJECT: Changes to Fungibility Procedures with the Launch of the  
CBOT's Big Dow Futures Contract

Effective March 20, 2006, Chicago Board of Trade will launch a new Big Dow futures contract with a \$25 multiplier which will affect the way fungibility is handled. All 3 CBOT Dow Jones futures products will be fungible, Big Dow (\$25) ("DO") to mini-sized Dow ("YM") 5:1, and \$10 Dow ("11") to mini-sized Dow 2:1. Currently standard processing allows the user to enter either contract clearing code, YM or 11, and the system will find the fungible product and complete the transaction.

**A new processing structure will have to be adopted using the largest contract as the entered product because all the products will be fungible to the mini-sized Dow (\$5) product.**

Example

Long 2 Big (\$25) Dow Futures  
Short 10 mini-sized Dow (\$5) Futures

In order to offset short 2 Big contracts and long 5 \$10 Dow contracts a 2-step process will have to be followed as in the example above 2 big contracts reduced to 10 mini-sized Dow contracts:

Long 2 Big (\$25) Dow Futures  
Short 10 mini-sized (\$5) Dow Futures

Then

Short 5 \$10 Dow futures

Long 10 mini-sized (\$5) Dow Futures

The mini-sized contract offsets 10 x 10 and the firm is left with long 2 Big (\$25) Dow Futures and short 5 \$10 Dow futures to offset the short 2 Big (\$25) Dow Futures and long 5 \$10 Dow futures positions.

The system in 3270 **will not** allow the smaller contract to be entered and **will not** return results if the mini-sized Dow is entered first.

If you have any questions regarding fungibility please contact Clearing Customer Services (CCS) at 312.207.2525