

Advisory Notice

Clearing House

TO: Clearing Member Firms
Back Office Managers

FROM: Clearing House Department

DATE: March 9, 2004

ADVISORY #: 04-32

SUBJECT: **REMINDER: Daily Position Reporting Check for Deliveries**

Clearing firms are required to submit Position Change Submission "PCS" and inventory of long position data by 8:00 p.m. daily. Firms must verify the PCS report (CPM520RTH) and the inventory of Open Positions report (DLR500) each morning to ensure accuracy of reporting positions. Firms needing to submit position adjustments should do so by 10:00 a.m. to be included in the intraday settlement cycle.

Example: DLR500 Report - Inventory of Open Positions

OPEN DATES	YESTERDAY OPENS	OFFSET(-) ADJ. (+)	TODAYS OPENS	TODAYS ASSIGNMENT	CURRENT AVAILABLE	MESSAGES
TOTAL:	0	0	0	0	0	ERROR ACTUAL: OPEN INTEREST = 194 UNMATCHED LONGS = 0 UNMATCHED SHORTS = 0

In the example above, a firm has an error in their open interest versus their inventory of open positions. In this case, the firm must submit a position adjustment of -194.

Example: CPM520 Report – Gross PCS Listing by Position Account

FINAL POSITIONS CONTRACT SHORT 21 MAR 04 194	POSITION AFTER ADJUSTMENT		TRADES		GROSS POSITIONS		PC-ADJ	DELTA	LONG
	LONG	SHORT	LONG	SHORT	LONG	SHORT			
	40	40	1330	1330	1370	1370	194F		194

Firms are required to submit accurate final position totals and inventories to the Clearing House. Inaccuracies in reporting result in misstatement of open interest and impact the performance bond requirements of the firms. Misstatement of open interest during the delivery month may result in sanctions by the Clearing House against the firms. It is critical firms compare their final positions against their bookkeeping run for accuracy.

The Deliveries system maintains a list of long dates which are used to assign deliveries. Firms are required to offset inventories by the specific contract deadlines. **Please note that adjustments to inventories will not automatically change open interest as reported through PCS.** Changes to open interest are affected only through PCS and/or position adjustments. The only exception to this is that all delivery intents and assignments will be automatically removed from both the delivery system and the PCS the following business day for both Agricultural and Financial products.

Firms are also required to submit initial inventory according to schedule and report accurate final positions on the last day of trading. Inaccurate or missing data will delay the delivery process and may result in sanctions against the firm.

If there are any questions, please contact the Deliveries Unit at (312) 930-3172.