

## Advisory Notice

Clearing House

TO: Clearing Member Firms,  
Back Office Managers

FROM: Clearing House Department

DATE: May 27, 2004

ADVISORY #: 04-96

SUBJECT: **June 11, 2004 launch of the new Block and EFP application**

On June 11<sup>th</sup>, 2004, we will begin moving processing for "Privately-Negotiated Transactions" -- *ie*, Blocks and EFP's -- into the new **Front-End Clearing (FEC)** application. Specifically, on June 11th, the new application will be used:

- for CBOT products: Block (Wholesale) trades, and EFP (Exchange for Physical), EFR (Exchange for Risk) and EFS (Exchange for Swap) transactions
- for CME products: Block trades

For EFP's in CME products, firms will temporarily continue using the 3270-based EFP system.

In other words, the existing EFP/Block application for CBOT (Supersession ID **PCBT-EFP**) will be completely removed. The EFP/Block application for CME (**PCME-EFP**) will still be available, but only for EFP's.

Also, option block trades will **only** be processed in the new system. It will no longer be possible to key an option block trade into TES or submit it via TREX message.

### **Please note the following changes associated with this new system launch:**

1. CME and CBOT block trades, and CBOT EFP's, EFR's and EFS's will now be a **two-sided submission and trade match** process, rather than the single-sided entry (allocate and claim) process now used. Each side of the trade will submit a trade record to clearing, either via message or via the FEC browser-based user interface.
2. The new application has a **comprehensive FIXML message-based API for all aspects of trade management for blocks and EFP's**. Firm's wishing to submit their CME or CME block trades and CBOT EFP trades via message, will do so using FIXML, not TREX.
3. **TREX messages will still be supported temporarily, but only for the trade confirmation messages** sent to firms when a block or EFP trade is keyed into the system via the FEC user interface.
4. **New trade type codes will be used on these TREX trade confirmation messages**. Block trades will have trade type "B", and EFR's and EFS's will have "R" and "S", respectively. This will facilitate firms charging customers different fees for block trades versus EFP's.

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Order type codes **B**, **N** and **T**, currently used to identify a block trade, an EFS or an EFR, respectively, will no longer be valid values in the Order type code field in bytes 151-152 of the main block.

5. **Firms will be able to give up CME or CBOT block trades, and CBOT EFP, EFR and EFS trades, using the Allocate/Claim System (ACS).** All functions of ACS will work for block and EFP trades exactly as they do for pit or electronic trades, including the TREX-based Give-Up API messaging, which allows firms to load accepted trades to books and automate the allocation and acceptance process
6. Give-ups for CME and CBOT block trades, and CBOT EFP's, EFR's and EFS's transactions, will now flow into the GAINS system, for automated give-up billing for them.
7. **Trade ID usage:** Firms submitting block and EFP trades via FIXML message will be able to assign their own trade ID's in the normal firm-assigned range of 1 to 49,999. For block and EFP trades keyed into the browser-based user interface, the system will assign the trade ID in the range from 500,001 to 999,999.

**Updated TREX layout document:** the updated TREX layout document (version 2.1) is available at [www.cme.com/files/CCL-TREX-2.1.pdf](http://www.cme.com/files/CCL-TREX-2.1.pdf).

**FIXML specifications:** The full specifications for the use of FIXML for blocks and EFP's are available on the CME's FIXML web page, at <http://www.cme.com/clr/cltmgt/fixml6615.html>.

**Testing:** The CME will be offering a final week of testing opportunities for the new Block and EFP system June 1<sup>st</sup> through June 4<sup>th</sup>. Please reference Clearing advisory #04-97 for more details.