

Advisory Notice

Clearing House

TO: Clearing Firms
Back Office Managers

FROM: Clearing House Department

ADVISORY #: 05-194

DATE: September 1, 2005

SUBJECT: **CURRENCY DELIVERY PROCEDURES**

DELIVERY PROCEDURES FOR FOREIGN CURRENCIES AND CROSS-RATE FUTURES CONTRACTS AND CME\$INDEX

September 15, 2005, December 15, 2005, March 9, 2006, June 15, 2006 and September 14, 2006

INVENTORY OF DELIVERABLE POSITIONS

By 4:00 p.m.

Clearing firms with potential deliverable positions are required to submit via the Deliveries System on CME Portal their final positions, and payment method (i.e. wire transfer, OTP or CLS) as of the close of business on the Thursdays listed above.

September 19, 2005, December 19, 2005, March 13, 2006, June 19, 2006 and September 18, 2006 - LAST TRADING DAY (Except Canadian Dollars)

FINAL SETTLEMENT PRICES

10:00 a.m.

Please refer to the following web site to obtain final settlement prices.
<http://www.cme.com/clearing/clr/clradv/notices.html?group=Clearing%20House>

DELIVERY INSTRUCTIONS

11:00 a.m.

Clearing firms must submit delivery instructions to the Clearing House via the Deliveries System on CME Portal. **It is crucial that instructions be complete and accurate.**

Any changes to delivery instructions requested between 11:00 a.m. on the last day of trading and 8:00 a.m. the following business day must be entered via the Deliveries System on CME Portal. We are unable to accept corrections by phone.

DATA SUBMISSION

11:30 a.m.

It is imperative that all clearing firms submit trade data for expiring foreign currency contracts (including as of trades and/or transfers) by the 11:30 a.m. submission deadline. **No PCS spreads should be submitted for the expired futures on or after the last day of trading.**

OUT-TRADE NOTICES

12:45 p.m.

Clearing firm out-trade notices will be available in their CME mailbox or the back office of clearing firms with remote print capabilities.

1:00 p.m.

Broker out-trades and cleared trade reports will be available at the trading floor Reception Desk.

OUT-TRADE SESSION

2:00 p.m.

There is a mandatory out-trade session for the spot month currencies futures contracts held in the currency out-trade area on the Upper Trading floor at 2:00 p.m. Contact Gary George, Associate Director, Clearing Operations, at (312) 648-3774 for additional information regarding the out-trade session.

September 19, 2005, December 19, 2005, March 13, 2006, June 19, 2006 and September 18, 2006 - LAST TRADING DAY) (CONTINUED)

CLEARING FIRM WORKSHEETS

3:00 p.m.

Clearing firms will receive preliminary delivery worksheets that list all of the information they submitted via the Deliveries System on CME Portal in their CME mailbox or the back office of clearing firms with remote print capabilities.

Please review the worksheets very carefully. Corrections must be submitted to the Clearing House via the Deliveries System on CME Portal by 4:00 p.m. If errors are not corrected this will cause payments to be routed incorrectly.

5:00 p.m.

Clearing firms will receive revised delivery worksheets that will include their corrected, changed and/or late delivery instructions. Please check this report very carefully.

All corrections must be entered via the Deliveries System on CME Portal no later than 8:00 a.m., on the business day following submission of an intent. We are unable to accept corrections by phone.

September 20, 2005, December 20, 2005, March 14, 2006, June 20, 2006 and September 19, 2006 - CANADIAN DOLLAR LAST TRADING DAY

SUBMISSION OF LATE/CHANGED INSTRUCTIONS

8:00 a.m.

All corrections, changes and late delivery instructions for non-Canadian Dollar contracts are due in the Clearing House. **New changes made after 8:00 a.m. on the aforementioned Tuesdays will be accepted only if agreed to by the Clearing House and the appropriate agent bank.**

CLEARING FIRM WORKSHEETS

8:30 a.m.

Final delivery worksheets will be put in clearing firms' CME mailboxes for non-Canadian Dollar contracts or the back office of clearing firms with remote print capabilities. **PLEASE REVIEW THE WORKSHEETS CAREFULLY.**

FINAL SETTLEMENT PRICES

9:45 a.m.

Please refer to the following website to obtain final settlement prices.

<http://www.cme.com/clearing/clr/clradv/notices.html?group=Clearing%20House>

10:00 a.m.

CANADIAN DOLLAR DELIVERY INSTRUCTIONS

Clearing firms must submit delivery instructions to the Clearing House via the Deliveries System on CME Portal. **It is crucial that the instructions be complete and accurate.**

Any changes to Canadian Dollar delivery instructions requested after 10:00 a.m. on the aforementioned must be submitted via the Deliveries System on CME Portal. We are unable to accept corrections by phone.

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September 20, 2005, December 20, 2005, March 14, 2006, June 20, 2006 and September 19, 2006 - CANADIAN DOLLAR LAST TRADING DAY (continued)

DATA SUBMISSION

10:30 a.m. It is imperative that all clearing firms submit trade data for the expiring Canadian Dollar contracts (including as of trades and/or transfers) by the 10:30 a.m. submission deadline. **No PCS spreads should be submitted for the expired futures on or after the last day of trading.**

OUT-TRADE NOTICES

11:00 a.m. Clearing firm Canadian Dollar out-trade notices will be available in their CME mailbox or the back office of clearing firms with remote print capabilities.

11:15 a.m. Broker Canadian Dollar out-trades and cleared trade reports will be available at the trading floor Reception Desk.

OUT-TRADE SESSION

11:30 a.m. There is a mandatory out-trade session for the spot Canadian Dollars futures contracts held in the currency out-trade area on the Upper Trading Floor adjacent to the Canadian Dollar pit at 11:30 a.m. Contact Gary George, Associate Director, Clearing Operations, at (312) 648-3774 for additional information regarding the out-trade session.

CLEARING FIRM WORKSHEETS

1:00 p.m. Clearing firms will receive preliminary Canadian Dollar delivery worksheets that list all of the information submitted via the Deliveries System on CME Portal in their CME mailbox or the back office of clearing firms with remote print capabilities.

Please check the worksheets very carefully for errors. If errors are not corrected this will cause payments to be routed incorrectly. Corrections must be entered via Deliveries System on CME Portal by 2:00 p.m.

2:30 p.m. Clearing firms will receive revised delivery worksheets that will include their corrected, changed and/or late delivery instructions. Please review this report very carefully.

ORDER-TO-PAY OR WIRE TRANSFER PAYMENT

CME\$INDEX

1:00 p.m. Short clearing firms who will be delivering CME\$ Index must submit an order-to-pay for the value of the U.S. dollar by 1:00 p.m. (Central Time) on the day preceding the delivery day. The appropriate agent bank must receive payment for an order-to-pay no later than 1:00 p.m. on the delivery day.

Please contact the Clearing House for a list of agent bank address and account numbers. Clearing firms that fail to adhere to the 1:00 p.m. deadline may be referred to the Clearing House Risk Committee for possible disciplinary action.

ALL OTHER CURRENCIES

Long clearing firms receiving delivery of foreign currency must pay by wire transfer or submit an order-to-pay for the dollar value of the currency delivery to the appropriate agent bank. Please contact the Clearing House for a list of agent bank addresses and account numbers. Clearing firms that fail to adhere to the 1:00 p.m. deadline may be referred to the Clearing House Risk Committee for possible disciplinary action.

ORDER TO PAY OR WIRE TRANSFER PAYMENT cont.

CURRENCY CROSS-RATES

Generally speaking cross-rates have a dual order-to-pay requirement:

CROSS RATE CURRENCY CONTRACT SETUP

The cross rate currency contracts have been revised to reside under one agent bank. For example, the Euro Currency/Japanese Yen Cross Rate which was previously delivered using separate agent banks for the Euro Currency and the Japanese Yen will now be completely handled by one agent bank. All Orders-To-Pay will go to Citibank, New York.

For firms that net payment obligations arising from cross-rate products with payment obligations arising from standard futures contracts, special rules apply to determine if order-to-pay issuance are necessary. Basically, if the netted foreign cash payment obligation is associated with a cross-rate product on a prenetted basis, an order-to-pay must be issued. The same reasoning is used for determining orders-to-pay obligations for netted dollar payment obligations.

EASTERN EUROPEAN CURRENCY versus EUR

On the day before delivery the long side of the Eastern European Currency versus EUR will issue an OTP denominated in EUR to Citibank, New York. On the delivery day, we will transfer the Eastern European Currency from our Citibank account to the account they specify. **The firms will pay the EUR to our account at Citibank, Frankfurt.** On the delivery day the short will pay the Eastern European Currency to our Citibank account in the eastern European country. After confirmation of the receipt of the Eastern European Currency we will pay EUR from our account at Citibank, Frankfurt.

CONTINUOUS LINKED SETTLEMENT (CLS)

1:00 p.m. CLS is an alternative to Orders-To-Pay for clearing members going through a delivery of currencies. The following products Mexican Peso, Czech Koruna, Euro FX/Czech Koruna, Hungarian Forint, Euro FX/Hungarian Forint, Polish Zloty and Euro FX/Polish Zloty **are not eligible for CLS.** Clearing members participating in CLS do not have to submit an Order-To-Pay; instead they will need to submit their currency transactions through CME Deliveries as well as their CLS provider by 1:00 p.m. the business day prior to delivery. **The CLS transaction must match by 1:00 p.m. otherwise CME will require clearing firms to issue an Order-To-Pay in the delivery amount.**

September 21, 2005, December 21, 2005, March 15, 2006, June 21, 2006 and September 20, 2006 - VALUE DAY

10:00 a.m.

BUYER'S PAYMENT FOR ORDERS-TO-PAY

Deadline for longs' banks who submitted orders-to-pay to wire dollar payments to appropriate corresponding agent bank.

BUYER'S RECEIPT OF FOREIGN CURRENCIES

Agent banks will transfer foreign currency payments to the buyers' designated banks.

SELLER'S FOREIGN CURRENCY PAYMENTS

Seller's delivering banks transfer foreign currency payments into the IMM account at the appropriate agent banks in the foreign countries. Please contact the Clearing House for agent bank addresses and account numbers.

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IMPORTANT

The following information must be contained in the currency payment instructions sent by the Seller's delivering bank to the sub-agent bank:

- Foreign currency amount (**not** number of contracts)
- Account name, sub-title and account number
- By Order Of (i.e. clearing firm/ customer name)

This information is critical in order to ensure that payments are received in a timely manner and are applied correctly. Incorrect or incomplete instructions may result in a failed delivery, in which case firms may be charged overdraft fees and/or interest payments. A failed delivery of currency may also result in a delay in the U.S. dollar payment to the Seller.

SELLER'S U.S. DOLLAR PAYMENTS

Upon confirmation by the appropriate agent bank of receipt of the seller's foreign currency into the IMM delivery account, the U.S. dollar payments will be released to sellers.

IMPORTANT REMINDERS

NEW BANKS

The Thursday preceding the last day of trading is the last day to submit new banks for addition to the bank list. When calling the Clearing House, please be certain that you have the following information:

BIC (Bank Identifier Code) Number [also called S.W.I.F.T. ID]
Bank Address
Bank Phone Number
Contact Person

NEW BANKS- CLS

Firms who will be using CLS are required to set-up bank accounts with a CLS Settlement member or CLS provider prior to delivery. In order to set-up an account, a firm must provide the following counterparty information to their CLS provider:

Type	SWIFT Tag	SWIFT Address
CME Settlement Member	57A	CITIGB2LCLS
CME Counterparty ID	87A	XCMEUS4C

CLS transactions do not require bank account information or fund forwarding as needed for a firms not participating in CLS. Instead firms will need to be able to provide their CLS provider and the SWIFT BIC that will enter's the firm's transaction.

Please contact the Deliveries Unit at, (312) 930-3172 to add a new bank to the list.

Note: CME settlement price of the currency will be the trade price that should be entered for CLS.

CURRENCY DELIVERY COSTS

SELLERS AND BUYERS

Orders-to-Pay charge. This cost will be prorated among both longs and shorts according to the dollar values of their deliveries.

- \$0.75 - cents per contract delivered and/or received.
- \$25.00 - transaction fee for each Delivery Commitment form.
- \$25.00 - per CLS transaction delivered and/or received.

Any additional special costs incurred for a particular transaction, including, but not limited to, the following:

SELLERS

All costs incurred by the Exchange due to a late delivery of the foreign currency into the IMM account in the foreign country. This will be the interest charged to the account for funds loaned, or an overdraft charge.

All costs incurred by the clearing firm or its customer in transferring foreign currency into the IMM account, such as wire charges or transaction fees charged to the seller by his bank.

BUYERS

All costs incurred by the Exchange in transferring the foreign currency into the buyer's bank. These may include transaction fees, cable charges, etc.

All costs incurred by the Exchange when payment cannot be made to the buyer's bank because of a fault of the buyer or his clearing firm, due to incomplete or erroneous delivery instructions.

CURRENCY FINE SCHEDULE

SUBMISSION OF LATE DELIVERY INSTRUCTIONS

Currency Delivery instructions submitted after 11:00 a.m. for contracts expiring Monday and after 10:00 a.m. for contracts expiring Tuesday:

- \$200 per hour until submission

SUBMISSION OF CHANGES TO DELIVERY INSTRUCTIONS

- \$100 per hour until submission

In addition to the above fine schedule, clearing firms will be referred to the CH Risk Committee for possible further disciplinary action for the following violations:

- Submission of more than 3 late Delivery Instructions.
- Submission of more than 3 substantive changes to Delivery Instructions.
- Submission of Delivery Instructions or changes after 4:00 p.m. on the last day of trading.

SELLER'S RESPONSIBILITIES

DELIVERING BANK

Delivering banks must be in the foreign country of issuance of the currency being delivered; for example, British Pounds must be delivered from a bank in England. The delivering bank must be a commercial bank. If the bank you wish to use is not on the current list of available banks, you must submit the complete bank name, location and S.W.I.F.T. ID to the Clearing House prior to 12:00 noon, the Thursday preceding the last day of trading, for addition to the bank list.

If the Clearing firm/customer must open a new account in order to make delivery, be advised that this process may take a few days in various foreign countries. New accounts should be opened far enough in advance of delivery so that the account will be able to pay out the foreign currency on the delivery date.

NOTIFICATION BY DELIVERING BANK TO APPROPRIATE AGENT BANK

The following information must be contained in the message sent by the seller's delivering bank when transferring foreign currency into the IMM account at the appropriate agent bank in the foreign country:

- Name of the clearing firm
- Name of the customer
- Amount of the foreign currency being transferred, stated in units of the foreign currency and not in numbers of contracts.

The agent banks branches monitor the incoming transfers and notify the Clearing House which clearing firms (by customer) have or have not made delivery on time.

No U.S. dollars will be released to the seller's clearing firm until the agent bank has confirmed receipt of the foreign currency into the IMM account.

FOREIGN CURRENCY DELIVERIES - 10:00 A.M. [LOCAL TIME] DEADLINE

It is the responsibility of the seller's clearing firm to notify its delivering banks to transfer the full and correct amount (i.e. do not deduct charges) of foreign currency into CME account at the appropriate agent bank by 10:00 a.m. (local time) in the foreign country on the delivery day (please contact the Clearing House for agent bank information).

Funding for Mexican Peso must be in place prior to the delivery. In addition to understanding any special account or funding requirements that approved Mexican delivery banks may have, it is important to have a specific individual aware of and in position to answer any questions regarding peso payments on the delivery day.

Failure to have the foreign currency in position for delivery to CME account by the respective deadline could result in a failed delivery, interest and/or overdraft charges and delay in the releasing of seller's U.S. dollar payment. Late clearing firms are required to submit a letter of explanation to the Clearing House and will be referred to the Clearing House Risk Committee for possible further disciplinary action.

SELLER'S DELIVERY INSTRUCTIONS

On the last day of trading the Clearing House submits the clearing firms' delivery instructions to the following agent banks to effectuate delivery:

Chase Bank, N.Y.

British Pounds

British Pound/Japanese Yen
British Pound/Swiss Franc
Euro FX/ British Pound
Euro FX/Norwegian Krone
Euro FX/Swedish Krona
Swedish Krona
Norwegian Krone
Swiss Franc/Japanese Yen
CME\$Index (British Pound and Swedish Krona)

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Euro
 New Zealand Dollar
 South African Rand
 CME\$Index (USD, Euros and Japanese Yen)
 Japanese Yen
 Euro FX/Yen
 Canadian Dollar/Japanese Yen
 Australian Dollar/Japanese Yen
 Australian Dollar/New Zealand Dollar
 Czech Koruna
 Hungarian Forint
 Euro FX/Czech Koruna
 Polish Zloty
 Euro FX/Hungarian Forint
 Euro FX/Polish Zloty

Australian Dollars
Canadian Dollars

Australian Dollar/Canadian Dollar
Euro FX/Australian Dollar
Euro FX/Canadian Dollar
Euro FX/Swiss Franc
Swiss Francs
Mexican Peso
CME\$Index (Australian Dollar, Canadian Dollar and Swiss Francs)

All payments to the IMM Canadian Dollar Delivery Account at Bank of America, Canada must be made by wire transfer of funds. Checks/drafts are not an acceptable form of payment for Canadian dollar deliveries.

Failure to transfer funds by wire to Bank of America, Canada, by 10:00 a.m. (local time) on the delivery day could result in a failed delivery.

In the event of a late delivery into the IMM account at Bank of America, Canada, the Exchange **cannot** guarantee release of U.S. dollars on a timely basis. After a late delivery has been confirmed by Bank of America, Canada, Bank of America, Concord, will release U.S. dollars to sellers on a best-effort basis by the times stated below:

- By 2:15 p.m. CST Anywhere within the U.S.
- By 5:00 p.m. CST within Bank of America, Concord (Intrabank accounts)

All British Pound payments to Chase Bank, London, must be made through C.H.A.P.S. (Clearing House Automated Payment System) by 10:00 a.m. (local time) on the delivery day. Checks/drafts are not an acceptable form of payment for British Pound deliveries.

It is the responsibility of the seller's clearing firm to notify its delivering banks of the above requirements. Please contact the CME Clearing House for a list of payment instructions.

NEW ZEALAND DOLLAR PAYMENTS

All payments to the CME Delivery Account at Citibank, New Zealand must be made via wire transfer of funds through the New Zealand Real Time Gross Settlement System (RTGS). Checks/drafts are not acceptable form of payment for New Zealand Dollar deliveries.

BUYER'S RESPONSIBILITIES

RECEIVING BANKS

Receiving banks must always be in the foreign country into which the clearing firm/customer will take delivery of the foreign currency. The receiving bank must be a commercial bank. When using a bank not on the current list, you must submit the complete bank name, location and S.W.I.F.T. ID to the Clearing House prior to 12:00 noon on the Thursday preceding the last day of trading, for addition to the bank list.

If the clearing firm/customer must open a new account to take delivery, be reminded that this process may take a few days in various foreign countries. New accounts should be opened far enough in advance of delivery so that the account will be able to receive the foreign currency on the delivery date.

An individual at the receiving bank should be informed and ready to accept the transfer of the foreign currency into the buyer's account. If the clearing firm/customer does not adequately inform the receiving bank of the upcoming delivery of foreign currency, the receiving bank will reject the transfer from the agent bank and a late delivery will occur. Because the foreign currency is held in a non-interest bearing account at the agent bank, the loss in interest or cost of negative interest could be considerable. It shall be understood that the delivery out of the IMM account for the buyer's account will be effectuated only if the information supplied to the Clearing House by the clearing firm is complete and accurate.

Delivery takes place on the third Wednesday of the delivery month. In the event that Wednesday is a holiday in one of the foreign countries, delivery will be made on the business day immediately succeeding the holiday.

BUYER'S DELIVERY INSTRUCTIONS

On the last day of trading the Clearing House submits the clearing firms' delivery instructions to the following agent banks to effectuate delivery:

Chase Bank, N.Y.

British Pounds

British Pound/Japanese Yen
British Pound/Swiss Franc
Euro FX/ British Pound
Euro FX/Norwegian Krone
Euro FX/Swedish Krona
Swedish Krona
Norwegian Krone
Swiss Franc/Japanese Yen
CME\$Index (British Pound and Swedish Krona)

Citibank

Euro

New Zealand Dollar
South African Rand
CME\$Index (USD, Euros and Japanese Yen)
Japanese Yen
Euro FX/Yen
Canadian Dollar/Japanese Yen
Australian Dollar/Japanese Yen
Australian Dollar/New Zealand Dollar
Czech Koruna
Hungarian Forint
Euro FX/Czech Koruna
Polish Zloty
Euro FX/Hungarian Forint
Euro FX/Polish Zloty

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Bank of America, NT&SA

Australian Dollars

Canadian Dollars

Australian Dollar/Canadian Dollar

Euro FX/Australian Dollar

Euro FX/Canadian Dollar

Euro FX/Swiss Franc

Swiss Francs

Mexican Peso

CME\$Index (Australian Dollar, Canadian Dollar and Swiss Francs)

If there are insufficient funds in the IMM account to completely cover the payments because one or more sellers did not transfer the foreign currency into the IMM account in time for delivery, the appropriate agent bank will loan the necessary funds to the IMM. This ensures the buyers will receive their currencies if payment of U.S. Dollars were received according to applicable deadlines.

PAYMENT INSTRUCTIONS

All orders-to-pay or wire transfer of funds into the IMM's delivery account at the applicable agent bank **must** include the name of the clearing firm in the instructions. Please be aware that any delay in sending funds or any other error related to depositing these funds with the IMM may result in a delay in payment of the foreign currency. Late clearing firms must submit a letter of explanation to the Clearing House and may be referred to the Clearing House Risk Committee for possible disciplinary action.

In addition, a clearing firm failing to deposit funds according to the above-stated procedure will be responsible for any overdraft charges assessed against the IMM at the rate of 130% of the prime rate. The overdraft charge may be waived only if the Clearing House receives a letter from the late clearing firm's bank stating that due to their error, the bank will make CME whole, compensating CME in accordance with standard banking practice. This letter must be received by the Clearing House no later than ten (10) business days after the overdraft incurred.

Please contact the Clearing House for a list of agent bank addresses and account numbers.

ORDERS-TO-PAY

An order-to-pay is the buyer's bank's unconditional, irrevocable promise to pay same-day funds to the applicable Exchange agent bank no later than 10:00 a.m. on the delivery day. The Bank order-to-pay shall be in a form approved by the Clearing House and shall promise to pay same day funds on the delivery day.

Please note that CME agent banks are under no obligation to complete delivery on Wednesday, if the orders-to-pay are not received by 1:00 p.m., Tuesday.

While the order-to-pay mechanism frees the buyer taking delivery of currencies from depositing funds with the Exchange one day before delivery, it necessitates buyers making arrangements with a bank acceptable to the applicable Exchange agent bank to issue orders-to-pay. In addition, a written agreement governing the order-to-pay must be in place between a bank issuing an order-to-pay and the applicable Exchange agent bank. Clearing firms anticipating taking delivery of foreign currencies must establish, through the buyer's bank, the arrangements required to affect an order-to-pay well in advance of expirations.

WIRE TRANSFERS

Buyers have the alternative of paying cash by wire transfer by 1:00 p.m. the day prior to delivery. The Exchange pay no interest on such funds. Whatever alternative is chosen, it is the responsibility of clearing firms to select banks that can be relied on to respect applicable deadlines.

If you have any questions regarding these procedures or Continuous Linked Settlement please call:

Morgan Culverhouse, Manager, Delivery and Fulfillment Systems, (312) 930-2892

Linda F. Elliott, Project Leader, (312) 930-3174