

Advisory Notice

Clearing House

TO: Firm Trading Desks
Firm Back Offices

FROM: Clearing House Department

ADVISORY #: 06-134

DATE: May 26, 2006

SUBJECT: Handling of Globex Busts and Price-Adjusts Beginning Monday, June 19, 2006

Beginning Monday, June 19, 2006, important changes will be made to the way that busts and price adjusts for Globex trades are handled in Clearing, and how the clearing system feeds this data to firm bookkeeping systems.

These changes are made in conjunction with the launch of SLEDs processing for Interest Rate products on that day, and are in response to long-standing firm requests, but they will apply to busts and price-adjusts for all products traded on CME Globex. Please note that busts and adjustments originate only by action of the Globex Control Center (GCC), and can not originate in FEC or the firm's back office.

These changes will not affect e-cbot trades in any way.

Handling of Busts: Currently, the clearing system generates a Delete TREX message and sends this message to the clearing firm. The trade ID provided on this message, however (position 140 – 145 of the TREX Main Block), does not match the trade ID of the original trade, and hence the Delete message cannot be processed by firms. The Clearing House calls the firm, and the firm manually deletes the trade from books.

Beginning Monday, June 19, 2006 the trade ID provided on a Delete message will correctly contain the trade ID of the original trade being busted. With this change, firms may elect to begin processing these Delete messages, eliminating the need for manually deleting the trades from books.

Exactly as before, in the end-of-day Trade Register Report and the FIXML-based Trade Register File, the original trade will not be present. If firms process their intra-day Trade Register File or inspect the intraday Trade Register Report, they will see both the original trade and a second, offsetting "bust" transaction; this is only at intraday. These transactions will also appear in FEC.

Handling of Price-Adjusts: Globex price adjustment messaging will change on Monday, June 19, 2006 as well. Price-adjusts are necessary when trades match outside the acceptable price ranges for the day's trading. They are done by negating the original trades, and establishing new ones. These are essentially "busts" as described above, with "adds" at the new prices.

Beginning Monday, June 19, 2006 if a price adjustment becomes necessary, Delete TREX messages with correct trade ID's can be sent to firms so that they will not have to manually delete the original trades from books. Add TREX messages will follow, with trades at the new prices, as they do now.

Please note that the "new" Delete messages will be made available on a firm-by-firm basis, and will not automatically be sent on go-live day; you must request them.

Testing opportunities will become available in the coming weeks. If you would like to test this new functionality prior to the Monday, June 19, 2006 go-live date, please call Clearing Customer Support (CCS) at 312.207.2525 or E-Mail us at ccs@cme.com.