

## Advisory Notice

Clearing House

TO: Firm Back Offices  
Firm Trading Desks  
Interest Rate Product Traders

FROM: Clearing House Department

ADVISORY #: 06-150

DATE: June 14, 2006

SUBJECT: Interest Rate SLEDS and Globex Price-Adjust Changes is Postponed Until June 26, 2006

Pit and electronically traded Interest Rate calendar spreads were scheduled to begin posting to Clearing as SLEDS on June 19, 2006 (Clearing Advisory 06-130). Also scheduled for that date were changes to the handling of Globex busts and price-adjusts. This date has been changed to June 26, 2006, to allow for more firm testing opportunities.

### Interest Rate SLEDS:

As a reminder, beginning June 26, 2006, calendar spreads for the following Interest Rate products will be posted to Clearing as Single Line Entry of Differential Spreads (SLEDS):

- Eurodollar Futures (ED)
- LIBOR (EM)
- 10-year Swap Rate (S0)
- 13 Week US T-Bill (T1)
- 2-year Swap Rate (S2)
- 5-year Swap Rate (S5)
- Consumer Price Index (CU)
- Euroyen (EY)
- Euroyen-LIBOR (EL)
- Eurozone Harmonized Index of Consumer Prices (HC)
- Fed Fund Turn Rate (TZ)
- Japanese Government Bond (JB)
- Mexican 28 Day TIIE (MR)
- Mexican 91 Day Cetes (MB)

This means that, unless otherwise requested, electronically traded calendar spreads for these products will be priced in exactly the same manner as other CME SLEDS. That is, for simple calendar spreads, leg prices will be determined by setting the front month leg price to the prior day's settlement price, and calculating the back month leg price by subtracting the differential price from the front month leg price. The only exception to this rule is for Eurodollars, where the spread includes the lead month, and a differential price that ends in a quarter (0.0025) or three quarters (0.0075) of a full tick. In that case, the front month leg price will be adjusted to the quarter tick. Only the lead month of Eurodollars may trade in quarter ticks. For pit trades to match in Clearing, calendar spreads should be entered as SLEDS in FEC or the firms bookkeeping system.

At firms' request, we have made an enhancement which will allow electronically traded Interest Rate SLEDS prices to be assigned at trading engine prices (prevailing market prices), rather than using the prior day's settlements as anchors.

This request may be made for your firm as a whole, at the CME Exchange level. Pricing of Currency and Equity SLEDs will not be affected. That is because Currency and Equity calendar spreads are not priced using "nearest last" pricing, as products like Eurodollars are.

To request trading engine prices for Interest Rate SLEDs, please have your firm's Back Office or Operations Manager make the request. Please send this request to [ccs@cme.com](mailto:ccs@cme.com) prior to Thursday, June 22, 2006. This feature will be activated or deactivated for firms during weekend periods only; requests should be made by Thursday of any week, if you would like to switch the feature on or off.

Busts and Price-Adjusts:

Changes to messaging for Globex Busts and Price Adjusts, scheduled for June 19, 2006 (Clearing Advisory 06-134) will also be postponed until June 26, 2006. Firms are able to test this new functionality from now through next week in the Certification environment.

Please note that the default will be *not* to send TREX Delete messages for busts and price-adjusts (as is the case today). If you would like to turn this feature on in the Certification environment, please send this request to [ccs@cme.com](mailto:ccs@cme.com). If you decide that you would like to take advantage of this new feature in production, please inform Clearing Services so that we may activate it for you beginning June 26, 2006.

If you have any questions regarding the new date for SLEDs, SLEDs pricing, or the handling of Globex busts and price adjusts, please call Clearing Services at 312.205.2525, or E-Mail us at [ccs@cme.com](mailto:ccs@cme.com).