

Advisory Notice

Clearing House

TO: Clearing Member Firms
Back Office Managers
Bookkeeping Service and System Providers

FROM: Clearing House Department

ADVISORY #: 07-18

DATE: January 24, 2007

SUBJECT: **Reminder, CME and CBOT® Electronically Executed Sled Price Overrides and CBOT Two Sided FLEX Testing Started January 16, 2007**

On February 5, 2007, important enhancements will be introduced for processing of SLEDS and CBOT FLEX Matching System. The first enhancement pertains to electronically-executed calendar spread trades that are SLEDS eligible, and will allow users to specify for each order routed to e-cbot or GLOBEX whether leg prices should be engine-assigned or based upon the previous-day's settlement prices. The second enhancement pertains to pit-executed spreads, and will allow users to submit or change front leg prices at any valid tick, regardless of match status. The third enhancement involve changing the CBOT FLEX system from allocate claim model to a two sided matching system.

See notice link for more details. <http://www.cme.com/files/Chadv-06-295.pdf>

To prepare for this launch, firms are invited to participate in testing these enhancements in clearing beginning Tuesday, January 16 through Friday, January 26. For the electronically executed calendar spreads, testing will be available for e-cbot and CME GLOBEX trades.

With the exception of e-cbot Sleds, all tests will be conducted in the CME Certification region. ecbot electronically executed sleds will continue to be tested in the End to End test region where users can view trades. Test dates fall on the actual calendar days. For example, Wednesday's January 24, 2007 will use trade date 1/24.

Below are test processes, schedule of the test dates and trade entry times and script location.

Basic Test Process:

1: Testing Specification of Engine or Prior Day settlement price for ecbot SLEDS:

This testing must be conducted in the e-cbot simulation environment. This means traders need to either enter in the first byte of the executing firm account number the special character "&" to receive Engine Assigned leg price or "%" to receive prior day leg settlement price at the order level. Firms need to identify their current default price setup and submit instructions to override those prices. Example: if member mnemonic 123 currently receives Prior Day settlement at the firm's level, but wants to receive engine assigned prices for account 45678, then the trader has to enter the (&) as the first character in the account number field upon entry of the order.

Firms can view these trades in the CME Portal, Clearing Quality Assurance Environment, Front End Clearing-E2E, Diff Spread menu for ecbot and Clearing Certification for CME GLOBEX Diff Spreads. Those trades will be sent to firms bookkeeping systems.

2: Testing changes Pit Sled prices prior to match:

Using the assigned script, firms may submit sled trades in the CBOT Diff SLED menu in Front End Clearing-Certification. After trades are posted in FEC, and before they match, firms may submit a change to modify leg prices at any valid tick before trades are matched.

3: Testing CBOT Two Sided FLEX system:

Using the script, firms may enter the 2 buy and sell sides of flex trades with themselves and match them. Flex trades need to be entered in Front End Clearing-Certification CBOT FLEX system. As a reminder, as with the allocate/claim system any trade not matched by the cutoff will be deleted from the system.

Scope of Test: There will be 5 cycles of firm testing the week of January 16, 2007

Tuesday, January 16, 2007: Cycle 1 - Trade date January 16, 2007, will begin at 10 a.m. and end at 2 p.m.

Thursday, January 18, 2007: Cycle 2 - Trade date June 20, 2006, will begin at 10 a.m. and end at 2 p.m.

Monday, January 22, 2007: Cycle 3 - Trade date January 22, 2007 will begin at 10 a.m. end at 2 p.m.

Wednesday, January 24, 2007: Cycle 4 - Trade date January 24, 2007, will begin at 10 a.m. and end at 2 p.m.

Friday, January 26, 2007: Cycle 5 - Trade date January 26, 2007, will begin at 10 a.m. and end at 2 p.m.

Test Script:

A test script will be available for Pit Sled and Two Sided Flex testing only and will be published at:
<ftp.cme.com/pub/span/data/cme/test/scripts>

The Sleds test script will be named:
FLEX_Pit_SLED_Cert.pdf

Reports and Data Files:

Clearing will produce trade register reports for these test cycles. For FIXML files, firms need to request that files be generated and sent to them.

Contact Numbers:

Questions regarding access to the e-cbot simulation environment can be directed to your CBOT Key Account Manager. Any other questions or concerns can be directed to CME Clearing House at 312.207.2525.

Thank you.