

Advisory Notice

Clearing House

09-271

TO: Clearing Member Firms
Back Office Managers
PTP Software Providers
NYMEX/COMEX/DME Globex Users

FROM: CME Clearing

SUBJECT: **CORRECTION: NYMEX Clearing Integration Update #3: Trade Message Input Source, NYMEX/COMEX Floor Trade Message Flow, and Electronic (Globex) Trading Instructions for Account IDs**

DATE: June 24, 2009

There is a correction to the information contained in the Advisory below. The prior version of this update stated that when a trade is assigned to a firm by a broker, that an offsetting Trade Capture Report will be sent to offset the original Trade Capture Report. This is incorrect. The text should read, and has been changed below to read, that an offsetting **Allocation Report** will be sent to offset the original Trade Capture Report. The original text, revised, is provided below.

This Advisory contains important updates for the NYMEX/COMEX/DME Clearing Integration such as new Input Source (InptSrc) values in FIXML trade messages, illustrating the trade message flow for NYMEX and COMEX floor trades (which is different from the Chicago floor trade model), and to advise best practices with regard to assigning account ID values to orders placed in the Globex trading system. This Advisory is to be used in conjunction with NYMEX Integration Update #2 (Advisory 09-148), found at <http://www.cmegroup.com/tools-information/lookups/advisories/clearing/Chadv09-148.html>

Beginning on trade date Monday, August 17, 2009, all COMEX trades will be cleared by CME Clearing systems rather than the current NYMEX Clearing systems. Likewise, beginning on trade date Monday, September 14, 2009, all NYMEX (and DME) trades will be cleared by CME Clearing. On these dates, trade clearing confirmation messages will be routed to firms using MQM messaging in the FIXML format, replacing the current batch files.

Input Source Values

Please be advised that with the introduction of FIXML messages created by CME Clearing for NYMEX, COMEX, and DME trades, the following Input Source (**InptSrc**) values will be sent to firms to help identify trades in the following cases:

- CME ClearPort FIXML trade messages will have an Input Source of “**CPC**”
- Trades entered on the floor by traders, brokers, or clerks, as well as electronic trades marked for allocation via the broker user interface will have an Input Source of “**BRKR**”
- Trades entering the system using the WhenTech Markets® application will have an Input Source of “**WTEC**”

NYMEX and COMEX Floor Trade FIXML Message Flow

NYMEX and COMEX floor trades will be entered into CME Clearing using the current practice on the NYMEX/COMEX floor. That is, the seller of the instrument enters the trade into the system, and firms may be assigned to the trade after initial trade entry.

The nature of trade entry and practices on the NYMEX/COMEX trading floor will lead to the following flow of activity:

- If a trade is entered using the new Front End Clearing Broker User Interface (FEC UI) with *no* allocation information, then a simple Trade Capture Report ("TrdCaptRpt") message will be created for each side of the trade (one "buy" message and one "sell" message), and routed to the appropriate clearing firm or firms, based on the firms associated with each party to the trade. If one or both sides of the trade are to be assigned to a different firm for clearing purposes (but not given up), then the trade information may be adjusted by either party to the trade, using the FEC Broker UI. This type of allocation is not treated as a give-up.
- If a trade is entered using the new FEC Broker UI *with* allocation information, meaning that a broker has made a sell trade for another individual and that trade should clear through a firm other than the firm associated with the selling broker, then a simple Trade Capture Report will be created for each side of the trade just as above, but the message will contain an Allocation block (Alloc) for the "sell" trade. This Allocation block will, in turn, trigger an offsetting **Allocation Report** (a "buy") for the original "sell" trade to be created, as well as creating a new Allocation Report "sell" message (AllocRpt) for the clearing firm for whom the trade was made. **To avoid these messages from looking like true give-ups, the Allocation Report messages will contain a new indicator, Meth="4", in the Allocation (Alloc) block.** If the original "buy" side of the trade needs to be assigned to a firm other than that of the buy trader's default firm, then the same FEC Broker UI allocation screen process described above should be used. Note that trades that are marked in this new way will not be treated as giveups, **and therefore are not subject to the standard giveup execution fee.**
- If a trade enters the system by way of the WhenTech Markets® application, then either party to the trade may use the new allocation screen to assign the proper firm for their side of the trade.

Electronic Trades Done By a Floor Broker

- If a matched trade enters the clearing system electronically (from Globex), brokers should be sure to use the new FEC Broker UI to allocate to firms after the original trade has been matched, rather than attaching allocation information to the original order. This will prevent the trade from being marked for giveup.

Defining Account IDs ("Account Numbers") for Globex

There are several special characters that may be placed before an account ID to make CME Clearing treat Globex trades in a particular way. In early testing, it has been found that several firms "pre-pend" their account IDs with some of these special characters for Globex orders. On the days that COMEX, then NYMEX and DME go "live," these special characters will have meaning to the clearing system, so attention should be made to the methods currently being used to construct account IDs on Globex orders. Here are the special characters, and the functions that they provide:

- + (plus sign), ! (exclamation point), and * (asterisk) each perform the same function; they mark trades for giveup.
- \$ (dollar sign) marks a trade for average pricing, and uses the character string after the account number as the Group ID
- # (pound sign) marks a trade for average pricing, and uses the Order ID as the Group ID.
- % (percent sign) tells CME Clearing to peg the front month of a SLEDs (differential spread) transaction at that leg's prior night's settlement price.
- & (ampersand) tells CME Clearing to use the original trading engine match prices for SLEDs trades.

Please, if you currently use any of the above as the first character of your account IDs, make sure that these characters are removed, unless you would like filled trades to be treated in the manner outlined above.

If you have any questions or concerns, please contact CCS at CCS@cmegroup.com, or call CCS at 312-207-2525.