

Advisory Notice

Clearing House

10-320

TO: Clearing Member Firms
Back Office Managers

FROM: CME Clearing

DATE: July 28, 2010

RE: **Updated NYMEX Products Settlement Date Changes – Effective August 4, 2010**

On June 18, 2010 in Clearing Advisory 10-259, we published details of changes to final settlement dates for certain NYMEX cash-settled futures and options. These changes affected contracts where previously the Clearing House did not close out positions and finalize settlement until the fifth business date following the last day of trading.

Based on feedback from clearing firms, we are now modifying this plan, so that (a) the final settlement date will be the **second** business date following the last day of trading, for both the futures and the options; and (b) the positions will also be removed at that time. The new plan will simplify processing while still allowing the margin to be released on the second day after the last day of trading.

Generally for these products, the final settlement price is determined on the last day of trading. Occasionally, these prices must subsequently be corrected, but these corrections almost always occur within two days.

A good example is the July 2010 **SG** Singapore Gasoil Swap contract, and the July 2010 **M2** options thereon. The last day of trading for these contracts is this Friday, July 30. With the new plan, the final settlement date will be the following Tuesday, August 3. Therefore:

- At end of day on Tuesday August 3, final expiration processing will be done for the July **M2** options, and all July option positions will be removed either by exercise, assignment, or expiration.
- Also at end of day on Tuesday August 3, futures positions in the July **SG** contract will be marked to market, and settlement variation banked, for the final time. Initial margin requirements will go to zero, allowing any collateral posted to meet them to be released.
- On the morning of Wednesday August 4, the futures positions will be removed.

In other words, expiration processing will work **exactly** as it previously did, for both the futures and the options, except that it will occur on the **second** day following the last day of trading, rather than the fifth subsequent day.

In the very rare and exceptional case where a final settlement price must be corrected **after** that second day, this will be handled via a special cash adjustment.

The change affects the following NYMEX futures products, beginning with the July 2010 contracts which cease trading this Friday, July 30:

SYMBOL	LONG NAME
EW	EAST/WEST FUEL OIL SPREAD SWAP
FS	FUELOIL SWAP:CARGOES VS.BARGES
SG	SINGAPORE GASOIL SWAP
GZ	GASOIL CRACK SPREAD CALENDAR SWAP
RK	SINGAPORE JET KERO GASOIL SWAP
KS	SINGAPORE JET KEROSENE SWAP
JC	JET CIF NWE VS ICE
7I	GAS EUROBOB (ARGUS) CRK BALMO
7K	GAS EURO-BOB OXY (ARG) CRACK DATED TO FRONTLINE BRENT
FY	CLNDR SWAP
UA	SINGAPORE FUEL 180CST CALSWAP
UV	EUROPE 3.5% FUEL OIL RDAM CALSWAP
6W	BRENT CFD SWAP
1C	BRENT CFD(PLATTS) VS FRNT M SW
CY	BRENT CALENDAR SWAP
DB	ICE BRENT DUBAI SWAP
DC	DUBAI CRUDE OIL CALENDAR SWAP
EN	EUROPEAN NAPHTHA CRACK SPREAD SWAP
7D	3.5% FUEL OIL CID MED SWAP
7E	ARGUS PROPAN FAR EST INDEX SWP
7H	GAS EURO-BOB OXY (ARG) NEW BRG
7L	PREM UNL GAS 10 PPM (PLTS) RDM
33	1% FUEL OIL RDM VS 1% OIL NWE PLTS
UN	EUROPE NAPHTHA CALSWAP
FO	FUEL OIL CRACK VS. ICE
GA	SINGAPORE GASOIL VS ICE
7N	PREM UNL GAS 10 PPM BALMO
UF	EUROPE 1% FUEL OIL NWE CALSWAP
UH	EUROPE 1% FUEL OIL RDAM CALSWAP
UI	EUROPE 3.5% FUEL OIL MED CALSWAP
43	EUROP NAPHTHA PLATTS CRCK SPR BALMO

TG	TC1 RAS TANURA TO YOKOHAMA 75K MT
TH	TC5 RAS TANURA TO YOKOHAMA 55K MT
TI	TD5 WEST AFRICA TO USAC 130K
TJ	TC4 SINGAPORE TO JAPAN 30K MT TD7 NORTH SEA TO CONTINENT 80K
TK	MT
TL	TD3 MEG TO JAPAN 250K MT
TM	TC2 ROTTERDAM TO USAC 37K MT

Options affected are:

3U options on **GZ** futures
AH options on **DC** futures
BA options on **CY** futures
C5 options on **UA** futures
M2 options on **SG** futures
N2 options on **KS** futures
Q6 options on **UV** futures

For more information, call CME Clearing at 312-207-2525.