

Advisory Notice

Clearing House

10-50

To: Clearing Members Firms
Back Office Managers
Software Providers

From: CME Clearing

Subject: TAS Calendar Spread Trade Manual Data Entry into FEC

Date: February 5, 2010

Trading at Settlement ("TAS") in four NYMEX intra-commodity energy futures calendar spreads will commence on CME Globex (February 7 for trade date February 8) and on the trading floor (February 8). Upon launch, intra-commodity calendar spreads in the nearby month/second month spread and the second month/third month spread in Light Sweet Crude Oil, New York Harbor No. 2 Heating Oil, Henry Hub Natural Gas and RBOB Gasoline may be executed on CME Globex or on the trading floor and priced at TAS.

This Advisory Notice provides additional information on the method for manual entry of TAS Calendar Spread trades into Front End Clearing (FEC). Manual entry of the TAS spread trades into FEC (required for all TAS calendar spreads executed in the pit or for block TAS spreads not directly entered into CME ClearPort or reported to the CME ClearPort Facilitation Desk on the trading floor) as two separate outright trades until such time as the FEC entry screens are modified to allow entry of the TAS spread as a spread trade.

The pricing of the legs of a TAS calendar spread will be calculated by assigning the settlement price to the nearby leg of the spread. The far leg will be priced by applying the TAS price (the settlement price or any valid price increment ten ticks higher or lower) to the far leg settlement price and then subtracting that price from the nearby month leg price.

Example 1:

Buy the March 2010/April 2010 (H/J) Light Sweet Crude Oil calendar spread at TAS -1. Assume the March contract settles at 74.71 and the April contract settles at 75.15.

The March leg will be priced at the March settlement price of 74.71. The April leg will be priced at 75.16 (the April settlement price of 75.15 minus the TAS price of -1, or $75.15 - (-.01)$).

If the TAS spread trade is executed on the trading floor, the March 2010 leg will need to be entered as an outright trade into Clearing FEC at a trade price of 0. The April 2010 leg of the spread trade must then be entered as an outright trade with the TAS spread trade price of +1.

Example 2:

Buy the April 2010/May 2010 (J/K) Henry Hub Natural Gas calendar spread at TAS +3. Assume the April contract settles at 5.411 and the May contract settles at 5.459.

The April leg will be priced at the April settlement price of 5.411. The May leg will be priced at 5.456 (the May settlement price of 5.459 minus the TAS price of +3, or $5.459 - (.003)$).

If the TAS spread trade is executed on the trading floor, the April 2010 leg will need to be entered as an outright trade into Clearing FEC at a trade price of 0. The May 2010 leg of the spread trade must then be entered as an outright trade with the TAS spread trade price of -3.

Any questions on this matter should be directed to the Clearing House at 312/207-2525.