

11-277

TO: Clearing Member Firms; Back Office Managers

FROM: CME Clearing

DATE: August 10, 2011

RE: **REVISION # 1 – CME to Adopt T+1 Banking for European Currencies – Effective September 16th**

Information Update #1: This change affects **only** the value date for banking of settlement variation and option premium. There is **no impact** to the delivery timetable or process associated with CME FX futures or options, which will be maintained per current Rules. Thus, delivery and value dates associated with CME's FX futures are unchanged, and are generally the third Wednesday of the contract month. The last day of trading generally remains the preceding Monday (with the notable exception of USD/CAD futures, where trading generally ceases on the Tuesday prior to the third Wednesday of the contract month).

For settlement variation amounts calculated in the end-of-day clearing cycle, CME Clearing currently uses T+1 as the value date convention for USD and CAD, and T+2 as the value date convention for all other currencies. For example:

- Settlement variation amounts denominated in US Dollars at end-of-day on Monday July 15, 2011, are for value at the settlement bank on the morning of Tuesday July 16 – because July 16 is the next day in the USD banking calendar.
- Settlement variation amounts denominated in Euro at end-of-day on Monday July 15, however, will be for value on the morning of Wednesday July 17 – because July 17 is the the **second** following day in the EUR banking calendar.

Beginning with the end-of-day clearing cycle on Friday, September 16, 2011, CME Clearing will switch to the T+1 value date convention for EUR. The corresponding change for GBP and other European currencies will be made on **Friday, October 14**. The value-date convention for the Asian currencies – for example JPY – will not be changed at this time, and will remain as T+2.

The change is being made to introduce greater efficiency in settlement banking.

There are no associated systems changes. The only difference that will be visible to firms is in the specific value dates which appear on banking reports. The timing of settlement bank confirmation is also not affected, and remains at 7:30am Chicago time (8:30am New York time).

Note that the use of “combined cash flows” is not affected and will continue. For example:

- If you are receiving EUR-denominated settlement variation (if you have a “EUR collect”): the EUR cash will be credited to your EUR performance bond cash account.
- If you owe EUR-denominated settlement variation (if you have a “EUR pay”): the EUR cash will be taken from your EUR performance bond cash account to the extent possible. An actual EUR cash movement will be generated only to the extent that the EUR pay amount exceeds the amount of EUR cash on deposit.

For more information, please contact CME Clearing’s Financial Unit at 312-207-2594.