

TO: CDS Market Participants

FROM: CME Clearing

ADVISORY #: 12-222

SUBJECT: **CDS PAI Production Launch – Monday, June 11<sup>th</sup>, 2012**

Please be advised that CME Clearing will introduce the banking of daily price alignment interest (PAI) for credit default swaps in the **production** (live) environment on Monday, June 11<sup>th</sup>, 2012.

This means that at end of day Monday, June 11<sup>th</sup>, 2012, CME Clearing will calculate price alignment interest on all open CDS positions in production for settlement the morning of Tuesday, June 12<sup>th</sup>, 2012.

As a reminder:

- Price alignment functionality for CDS currently exists in the new release (UAT) test environment for Clearing Members to test.
- CME Clearing publishes a price alignment interest rate file each evening to the firmpub/IRS secure FTP directory.
  - This file contains USDPAI rate to be used for CDS. This file will continue to scale for additional PAI Rate types for the processing of other products including OTC IRS, so other rates will be present in this file in our test environment over the coming weeks. At this time, this file should only be used for CDS Processing only.

For additional information regarding the price alignment interest enhancement, including a specification for the price alignment interest rate file, please refer to Clearing Advisory # 11-203 located at <http://www.cmegroup.com/tools-information/lookups/advisories/clearing/files/Chadv11-203.pdf>.

Should you have questions, please contact the CME Client Services Team at [onboarding@cmegroup.com](mailto:onboarding@cmegroup.com).