

TO: Clearing Member Firms
Back Office Managers
Service Providers

FROM: CME Clearing

ADVISORY #:14-298

DATE: July 29, 2014

SUBJECT: **Harmonization of EFRPs for NYMEX, COMEX, DME/Re-Categorizing of Exchange of Options on Options (EOO) Trade Types**

Please be advised that effective Monday August 4, 2014, CME Clearing will remove the Exchange-For-Swap (EFS) identifier for all NYMEX, COMEX and DME exchange futures executed in accordance with CME Rule 538 (“Exchange for Related Positions”). CME products were removed from EFS eligibility in October of 2010, and CBT products were removed from EFS eligibility in July of 2012. With this final transition, EFS will no longer be a supported transaction type at CME.

The EFS transaction type has been harmonized into, and falls under, the Exchange for Risk (EFR) transaction referenced in Rule 538. EFR transactions are privately negotiated transactions (PNT) and include the simultaneous exchange of an Exchange futures position for a corresponding OTC swap or other OTC instrument. In addition, NYMEX, COMEX and DME exchange products will continue to be eligible for Exchange for Physical (EFP) and Exchange of Options for Options (EOO) privately negotiated transactions.

Currently, an EFS transaction is represented as a TrdTyp=“12” on TrdCaptRpt messages. Effective on the above date, the TrdTyp value for these transactions should be submitted as “11” (EFR). CME Clearing will reject any NYMEX, COMEX, or DME exchange privately negotiated futures message sent as an EFS. The trade will subsequently need to be resubmitted with a valid transaction type to CME Clearing.

Additionally, CME Clearing will re-categorize the Exchange of Options for Options (EOO) transaction type for all CME, CBOT, NYMEX, COMEX, and DME products. Currently, an EOO is represented as an option on an exchange for swap (EFS) in clearing and on FIXML TrdCaptRpt messages. Going forward, an EOO transaction will be represented as an option on an Exchange for Risk (EFR).

If you have any questions or require further information please contact CME Clearing at 312-207-2525 email ccs@cmegroup.com.