

TO: Clearing Member Firms; Back Office Managers

FROM: CME Clearing

ADVISORY #: 14-344

SUBJECT: **USD and EUR Interest Rate Swap Futures –  
Delivery Process, September 2014**

DATE: September 2, 2014

Please be advised that the following delivery process and schedule will be in effect for the September 2014 delivery cycle. All times are Central Standard Time unless otherwise noted.

**September 9, 2014 through September 15, 2014**

- In accordance with CBOT Rules 51104.C, 52104.C, 53104.C, 54104.C, 55104.C, 56104.C, and 57104.C, firms are obligated to report details of any open interest in expiring futures contracts to the Clearing House. Such information shall be reported in the form of an intent submission in Deliveries Plus. Firms shall submit this information every business day, between 8:00 a.m. and 8:00 p.m., during the last five days of trading in expiring futures.
- Once a firm reports such information, the firm does not need to resend it, unless the firm's positions or delivery instructions have changed.
- If a firm does not anticipate delivery on outstanding open interest, the firm must provide CME Clearing with written notification (including position, futures CMF/TMF, OTC CMF/TMF, and IRS account associated with the position), directed to [clearinghousedelivteam@cmegroup.com](mailto:clearinghousedelivteam@cmegroup.com).
- **Delivery Instructions** – For any Futures Clearing Member instructing delivery through an unaffiliated IRS Clearing Member, i.e., an IRS Clearing Member that is not also the originating Futures Clearing Member, the following process will apply through last intent day:
  - The IRS Clearing Member will receive from CME Clearing a report providing details of pending delivery instructions by 11:30 p.m. during the last five days of trading in expiring futures.
  - For each such pending delivery, the IRS Clearing Member receiving the report **must** provide CME Clearing with an approval or rejection response, directed to [clearinghousedelivteam@cmegroup.com](mailto:clearinghousedelivteam@cmegroup.com) by 12:30 p.m. the following business day.

- On the Acceptance Date and Clearing Effective Date all such requests must be submitted by 12:00 p.m. and all approval or rejection responses must be received by 12:30 p.m.
- If an IRS Clearing Member rejects a pending delivery, it is the sole responsibility of the Futures Clearing Member to work with CME Clearing to resolve the delivery instructions.

#### **Monday, September 15, 2014– Last Trading Day**

- Trading ceases at 10:15 a.m. for EUR denominated DSF contracts.
- Trading ceases at 2:00 p.m. for USD denominated DSF contracts.
- Final settlement prices along with an upfront fee calculation will be made available on CMEGroup.com at:

<http://www.cmegroup.com/clearing/deliveries/>

- Firms have until 8:00 p.m. to submit or change delivery instructions.

#### **Tuesday, September 16, 2014 – Last Intent Day**

- Firms have until 12:00 noon to make any changes to delivery instructions.
- By 6:00 p.m. IRS clearing firms will receive details of contract-grade interest rate swaps to be delivered or accepted for delivery, including amounts of any upfront payments either due or payable. Such details will be available on cleared confirm messages with tag “DSF,” and trade register reports also will outline such details and upfront payment amounts.
- By 10:00 p.m., initial margin and variation amounts required in connection with interest rate swaps delivered or accepted for delivery are made available to IRS Clearing Members.
- By end of the processing day, futures clearing firms’ futures positions are removed.

#### **Wednesday, September 17 2014 – Delivery Day**

- By 7:30 a.m., payments of initial margin, variation, and any upfront payments entailed in delivery are complete.

#### **Special Notes:**

- To make or accept delivery on an expiring USD or EUR Interest Rate Swap futures contract, a position holder is required to be:
  - an Eligible Contract Participant as defined in Section 1a (18) of the Commodity Exchange Act (7 USC § 1a (18) and 17CFR 1.3 (m)) and

- either an IRS Clearing Member (CME Rule 90005.A.) or an IRS Participant registered with CME by an IRS Clearing Member (CME Rule 8F009. and CME Rule 90005. B.)
- The Exchange business day prior to the expiring futures contract's delivery day is the "**Acceptance Date**" and "**Clearing Effective Date**" for interest rate swaps to be delivered or accepted for delivery.
- The "**IRS Effective Date**" is the delivery date of the swap.
- **Effective December 9, 2013**, a new Risk Management Tool for mitigating delivery risk in DSF products is in effect for expiring contracts. The tool prevents new order entry in the front-month DSF contracts during the seven (7) calendar days preceding last trading day. In order to trade the front-month DSF contracts during this period, customer accounts must be permissioned by their clearing firms through the DSF access Manager.

For more information please see the following advisory:

<http://www.cmegroup.com/tools-information/lookups/advisories/electronic-trading/20131014.html#DSF>

- Please refer to SER-6802 for amendments to DSF delivery rules <http://www.cmegroup.com/tools-information/lookups/advisories/ser/SER-6802.html>. Amendments include:
  - Changes to Rule 51104.C. Clearing Member Obligations in Delivery
  - Clarification on contract terms regarding exchanges of information as it relates to potential or pending deliveries for Deliverable Interest Rate Swap contracts.

If there are any questions, please contact CME Clearing Deliveries at 312.930.3172 or email [ClearingHouseDelivTeam@cmegroup.com](mailto:ClearingHouseDelivTeam@cmegroup.com).

For questions related to DSF Access Manager, please contact CME Clearing Risk Management at 312.648.3888 or [ClearingRiskManagement@cmegroup.com](mailto:ClearingRiskManagement@cmegroup.com).