CME Group | Advisory Notice

16-084

TO: Clearing Member Firms, Back Office Managers

FROM: CME Clearing

SUBJECT: GPS Rejections Display and Logic Enhancements

DATE: Friday, February 19, 2016

Effective the start of the business day on **Wednesday, February 24**, **2016,** CME Clearing will deploy enhancements to the Give-Up Payment System (GPS). These enhancements include the following:

- Rejections of an Account will also cause rejections of associated Payments and Trades, with an added trade rejection status code ("A") on the offload file noting the reason for the trade rejection.

- Rejection of a Payment will also cause rejections of associated Trades, with an added trade rejection status code ("P") on the offload file noting the reason for the trade rejection.

- Additional enhancements to the logic of the system regarding rejection and acceptance of Accounts, Payments and Trades, as outlined in the pages below.

In order to deploy these enhancements, **GPS will be unavailable from 4:30 pm CT on Tuesday, February 23 until 12 am CT on Wednesday February 24.**

For questions regarding these enhancements, please contact the Clearing Client Services team at (312) 207-2525 or by email at ccs@cmegroup.com.

Thank you,

CME Clearing

TRADE Current Logic	TRADE Enhanced Logic (Changes in Bold)
• In the Trans Viewer screen, when a trade is rejected by the carrying firm, the trade status code is set to "R" and a free-form rejection message entered by the carrying firm is associated with the rejected trade.	• In the Trans Viewer screen, when a trade is rejected by the carrying firm, the trade status code is set to "R" **and a rejection message is associated with the rejected trade. The carrying firm must select a rejection message from a dropdown list, but may also add comments specific to the trade rejection.**
• Individual trades can be rejected/accepted by the carrying firm at any time during the lock period or outside the lock period.	• Individual trades can be rejected/accepted by the carrying firm at any time during the lock period or outside the lock period.
• Individually rejected trades will remain in a rejected status until the trade is accepted by the carrying firm or the trade is expired after two payment cycles.	• Individually rejected trades will remain in a rejected status until the trade is accepted by the carrying firm or the trade is expired after two payment cycles.
	• **Trades will also be rejected if the associated Payment is rejected. The trade status code will be set to "P" and a rejection message will be associated with all trades connected with the rejected payment. This new PMT-REJ indicator will be viewable on the Transaction Viewer screen.**
	• **Trades will also be rejected if the associated Account is rejected. The trade status code will be set to "A" and a rejection message will be associated with all trades connected with the rejected account. This will affect trades both from the payment month and from current business month. This new ACCT-REJ indicator will be viewable on the Transaction Viewer screen.**
• When viewing messages for a rejected trade from the Trans Viewer screen, a note field will be provided to the executing firm as a means of correspondence with the carrying firm regarding the trade rejection.	• When viewing messages for a rejected trade from the Trans Viewer screen, a note field will be provided to the executing firm as a means of correspondence with the carrying firm regarding the trade rejection. **If trades were rejected because of a rejected payment or account, no note field will be provided on the Trans Viewer screen; however, the executing firm will be able to send a note to the carrying firm via the screen at the source of the rejection, i.e. either via the payment or account screen.**

• Individually rejected trades will remain in rejected status until the trade is accepted by the carrying firm or the trade is expired after two payment cycles.	• Individually rejected trades will remain in rejected status until the trade is accepted by the carrying firm or the trade is expired after two payment cycles. • **If trades are marked as rejected by having a payment or account rejected, then the associated trades can neither be rejected nor accepted. The trade rejection can only be lifted by the carrying firm accepting the associated payment or account.** • **Trades marked as rejected due to an associated payment rejection will no longer be rejected after final processing and payments are recalculated.** • **Trades marked as rejected due to an associated account rejection will be carried over in a rejected status.**
• When trades are rejected, their pricing is not affected, but their fee amount is shown in the detail disputed column of the payment.	• When trades are rejected, their pricing is not affected, but their fee amount is shown in the detail disputed column of the payment. **Similarly, if trades are rejected due to an associated payment or account rejection, the fee amount will be added into the detail disputed column of the payment.**
• When rejected trades are accepted, their fee amount is subtracted from the detail disputed column of the payment and added to the total amount due column of the payment.	• When rejected trades are accepted, their fee amount is subtracted from the detail disputed column of the payment and added to the total amount due column of the payment. **The same behavior occurs when trades are accepted due to a payment or account acceptance by a carrying firm or when payments are recalculated after final (and the payment loses its rejected status.) The fee amount is subtracted from the detail disputed column of the payment and added to the total amount due column of the payment.** • **If trades are individually rejected, and later a payment or account is rejected, all trades for the associated payment or account will be rejected and the previously individual rejected trades will be overridden by the payment/account rejection (and the trade status of "R" will be replaced with a trade status of "P" or "A.")**

PAYMENT Current Logic	PAYMENT Enhanced Logic (Changes in Bold)
• In the Payment Review screen, when a payment is rejected by the carrying firm, the payment status code is set to "R" and a free-form rejection message entered by the carrying firm is associated with the rejected payment.	• In the Payment Review screen, when a payment is rejected by the carrying firm, the payment status code is set to "R" and a rejection message is associated with the rejected payment. **The carrying firm must select a rejection message from the list in the dropdown but may also add comments specific to the payment rejection.**
• Payments can be rejected/accepted by the carrying firm at any time during the lock period or outside the lock period.	• Payments can be rejected/accepted by the carrying firm at any time during the lock period or outside the lock period. • **Note that trades associated with the rejected payment will now have a rejected status of "P" and will show PMT-REJ on the Transaction Viewer screen.**
• Payments will remain rejected until the payment is accepted by the carrying firm or the payments are recalculated after final processing. If associated trades are carried over, a new payment will be created with an unrejected status.	• Payments will remain rejected until the payment is accepted by the carrying firm or the payments are recalculated after final processing. If associated trades are carried over, a new payment will be created with an unrejected status. • **When a payment is accepted, the rejection is also lifted from any associated trades, including ones that had been previously rejected individually.**

ACCOUNT Current Logic	ACCOUNT Enhanced Logic (Changes in Bold)
• When an account is rejected by the carrying firm from the Account Maintenance screen, the account status code is set to "R" and a free-form rejection message entered by the carrying firm is associated with the rejected account.	• When an account is rejected by the carrying firm from the Account Maintenance screen, the account status code is set to "R" and a rejection message is associated with the rejected account. **The carrying firm must select a rejection message from the list in the dropdown but may also add comments specific to the account rejection.**
• Accounts can be rejected/accepted by the carrying firm at any time during the lock period or outside the lock period. • When an account is rejected, any associated payments (both payment month and current business month) also have their status set to "R."	• Accounts can be rejected/accepted by the carrying firm at any time during the lock period or outside the lock period. • When an account is rejected, any associated payments (both payment month and current business month) also have their status set to "R." • **Note that the trades associated with the rejected account will now have a rejected status of "A" and will show ACCT-REJ on the Transaction Viewer screen.**
• Accounts will remain rejected until the carrying firm accepts the account. During final, the rejected account will retain its rejected status and the newly recalculated payment will also be marked as rejected.	• Accounts will remain rejected until the carrying firm accepts the account. During final, the rejected account will retain its rejected status and the newly recalculated payment will also be marked as rejected **as well as any associated trades.**
• When an account is accepted, the rejections are also lifted from the associated payments.	• When an account is accepted, the rejections are also lifted from the associated payments **and trades, including ones that had previously been rejected individually**.

RATE Current Logic	RATE Enhanced Logic (Changes in Bold)
• Only rate sets can be rejected, not individual rates. • When a rate set is rejected by the carrying firm from the Rate Maintenance screen, a free-form rejection message entered by the carrying firm is associated with the rejected rate set. • Rate sets can be rejected/accepted by the carrying firm at any time during the lock period or outside the lock period. • Trades priced to the rejected rate set will be marked in error during batch processing. • If the rejected rate set is accepted by the carrying firm, associated trades will be repriced and will no longer be in error status.	• Only rate sets can be rejected, not individual rates. • When a rate set is rejected by the carrying firm from the Rate Maintenance screen, a free-form rejection message entered by the carrying firm is associated with the rejected rate set. **The carrying firm must select a rejection message from the list in the dropdown but may also add comments specific to the rate rejection.** • Rate sets can be rejected/accepted by the carrying firm at any time during the lock period or outside the lock period. • Trades priced to the rejected rate set will be marked in error during batch processing. • If the rejected rate set is accepted by the carrying firm, associated trades will be repriced and will no longer be in error status.

CASH ADJUSTMENT Current Logic	CASH ADJUSTMENT Enhanced Logic (Changes in Bold)
• When a cash adjustment is rejected by the carrying firm from the Cash Adjustment screen, the cash adjustment status code is set to "R" and a rejection message is associated with the rejected cash adjustment.	• When a cash adjustment is rejected by the carrying firm from the Cash Adjustment screen, the cash adjustment status code is set to "R" and a rejection message is associated with the rejected cash adjustment. **The carrying firm must select a rejection message from the list in the dropdown but may also add comments specific to the cash adjustment rejection.**
• Cash adjustments can be rejected/accepted by the carrying firm at any time during the lock period or outside the lock period.	• Cash adjustments can be rejected/accepted by the carrying firm at any time during the lock period or outside the lock period.
• Cash adjustments will remain rejected until accepted by the carrying firm.	• Cash adjustments will remain rejected until accepted by the carrying firm.
• Cash adjustments that are in a rejected status at final will be carried over one month and retain the rejection status.	• Cash adjustments that are in a rejected status at final will be carried over one month and retain the rejection status.
• If rejected, the amount of the cash adjustment will in included in the detail disputed column on the payment.	• If rejected, the amount of the cash adjustment will in included in the detail disputed column on the payment.