



Clearing Advisory Notice

DATE: November 12, 2021

TO: Clearing Member Firms

FROM: CME Clearing

ADVISORY #: 21-417

SUBJECT: **Availability of an additional Three-Month Eurodollar futures and Three-Month SOFR futures intercommodity spread (SED) on CME Globex**

Effective Sunday, January 9, 2022 for trade date Monday, January 10, 2022, CME, will permit an additional intercommodity spread between the Three-Month Eurodollar Futures (Globex code **GE**, clearing code **ED**) and Three-Month SOFR Futures (Globex and clearing code **SR3**) on CME Globex commencing with the **September 2023** contract month. The new intercommodity spread will use Globex code **SED**.

The traded SED price represents the differential above (or below) the ISDA spread adjustment. The differential price increment for SED will be **0.001 index points (0.1 basis point)**. Buying SED will result in a buy for the SR3 future and a sell for the ED future.

The ED leg price will be assigned as the prior day's settlement, and the SR3 price will be assigned as the ED price, plus the ISDA spread adjustment rounded to four decimal places (0.2616), plus the traded SED price.

For example, if the traded price for SED was +0.3 basis points and the prior day ED settlement price was 98.3750, the SR3 price would be assigned as $98.3750 + 0.2616 + 0.003 = 98.6396$. The maximum precision of these resulting SR3 prices will be 0.0001, equivalent to \$0.25, while the differential price increment will be 0.001, equivalent to \$2.50. Note that there is no change to the precision of the daily or final settlement price for either ED or SR3.

Clearing firms will receive normal FIXML electronic trade confirmation messages for each of the two legs, so that they can load and process them like any other trade.

Exchange transaction fees shall apply only to the SR3 leg.

To allow clearing firms to determine the correct fee on each leg and to provide more information, each trade confirmation message will identify the trade as a Trade-At-Marker (TAM, trade subtype 43). This allows the message to contain, in addition to the normal data, the traded-as symbol (SED), the traded-as price (the execution price on Globex), and a value which can be used to tie the two legs together.

In particular:

- As with any transaction, the actual price for the SR3 and ED contracts will be provided in the **LastPx** attribute – for example for the SR3 contract, **LastPx="98.6396"**
- The trade subtype attribute will be provided with the value "43", used to indicate a TAM – for example **TrdSubTyp="43"**.
- The price subtype attribute will indicate that this is the final value – for example, **PxSubTyp="1"**
- The SED product code on Globex will be in the same AID element used by TAM transactions – for example **<AID AltID="SED" AltIDSrc="112"/>**
- The SED traded price will be provided in the differential price field used for TAM transactions – for example **DiffPx="0.003"** (0.003 index points, or 0.3 basis points)
- The two legs can be tied back together with the value provided in the **ExecID** attribute.

Clearing firms will process these FIXML trade confirmations as if they were any other finalized TAM transaction, use the TAM designation to drive the fee calculation, and if desired use the additional data provided -- the actual SED spread code that was traded, and the spread price. There should be no impact to firm bookkeeping systems.

As indicated above, the new SED spread will begin trading on Globex at its normal open Sunday evening January 9, 2022, effective for trade date Monday January 10, 2022. Spreads will be eligible on the quarterly months, beginning with September 2023.

The spread will be available in CME's New Release testing environment beginning Monday, December 20, 2021.

For more information, please see:

- [Special Executive Report 8881](#), published November 9, 2021
- [CME Globex Notice 20211108](#), published November 11, 2021
- [CME STP Notice 20211111](#), published November 11, 2021

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