

September 24, 2012

CME Group Issues An Open Letter To The Energy Market

CHICAGO, Sept. 24, 2012 /PRNewswire/ -- [CME Group](#), the world's leading and most diverse derivatives marketplace, released the following letter to its clients today:

Dear Valued CME Group Customers and Market Participants:

Many ClearPort energy customers have asked whether they can continue to use [CME ClearPort](#) after October 12, 2012, in the customary manner.

First, it is important to note that energy transactions submitted to CME ClearPort are exempt from any new compliance obligations through December 31, 2012, under final CFTC regulations, including the Effective Date Order voted on by the CFTC this summer and published in the Federal Register on July 13, 2012. This means, among other things, customers can continue conducting business on ClearPort following the October 12 effective date of the product definition rulemaking exactly as they do today without their trades being counted towards their de minimis swap dealing threshold.[1]

Second, we want to make clear that we have heard our customers' concerns and are taking action to ensure that CME ClearPort will continue to offer customers flexibility in the way they do business and that any changes we are required to make to our service are made with a focus on minimum impact on our customers.

With flexibility and minimal customer impact as our guiding principles, **we will continue to offer the full suite of services available today, including the use of the ClearPort EFS, while providing new alternatives for customers who prefer the certainty of futures regulatory treatment throughout the contract lifecycle.**

In addition to continuing to transact using the ClearPort EFS, all CME ClearPort transactions are available on the trading floor today and will continue to be. Many of our more liquid markets are available as futures on [CME Globex](#) today. In both our floor and CME Globex markets, customers will have the ability to transact through private negotiation pursuant to new block trade rules.

In the coming days, and subject to regulatory review, we are taking several additional actions to maximize customers' choice in execution in the energy markets, including:

- Making [additional CME ClearPort contracts](#) available on CME Globex, our electronic marketplace, expanding the product suite available for open auction or cross trading on the CME Globex platform. Several dozen will be listed by October 12th with the majority of the slate to follow.
- Establishing [new block thresholds](#) to allow our customers to achieve futures treatment for privately negotiated transactions in 80+ contracts, with block thresholds available on hundreds of additional products in the near future.
- Submitting a rule filing for 9(B)(iii) Trades (named for the applicable CEA section) which will allow customers in certain markets where there is little or no liquidity in the centralized market to transact privately negotiated futures contracts without a minimum size requirement.

As you may have heard, we are also rolling out an exciting new portfolio of technologies to support ease of access to our markets. These products offer fuller, more robust trading and clearing solutions for our customers and are bringing an all-new level of sophistication to our markets. These tools include:

- [CME Direct](#), a platform for side-by-side online trading of Exchange listed and OTC markets
- CME SDR for managing swaps reporting needs
- [CME Direct Messenger](#), a sophisticated instant messaging platform integrated with CME Direct

Since its launch in 2002, CME ClearPort has been a critical resource for the energy markets and has helped mitigate counterparty risk for our customers, and the market as a whole. We look forward to working with our customers and other participants to provide the most effective tools for managing risk in the energy market.

As the world's leading and most diverse derivatives marketplace, CME Group (www.cmegroup.com) is where the world comes to manage risk. CME Group exchanges offer the widest range of global benchmark products across all major asset classes, including futures and options based on [interest rates](#), [equity indexes](#), [foreign exchange](#), [energy](#), [agricultural commodities](#), [metals](#), [weather](#) and [real estate](#). CME Group brings buyers and sellers together through its [CME Globex](#)[®] electronic trading platform and its trading facilities in New York and Chicago. CME Group also operates [CME Clearing](#), one of the world's leading central counterparty clearing providers, which offers clearing and settlement services across asset classes for exchange-traded contracts and over-the-counter derivatives transactions. These products and services ensure that businesses everywhere can substantially mitigate counterparty credit risk.

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[1] This discussion is provided for informational purposes only and does not represent formal legal advice. Market participants should consult their own legal advisers regarding the implications of any existing or future final rules or orders issued by the CFTC.

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