

TO: CBOT / CME Clearing Firms
Service Bureaus / System Solutions providers
FROM: CME Clearing House and CBOT
DATE: July 3, 2003
SUBJECT: Common Clearing Link – Test Plan

We are pleased to present the attached End-to-End testing plan for all firms participating in the Common Clearing Link (CCL) between the CME and CBOT later this year. We will soon publish additional requirements including an updated MQ policy to ensure you understand requirements and are prepared for testing and production. We will be working closely with you to establish the requisite set-ups prior to any testing. This is of particular importance for those firms not currently clearing at CME.

Transition Phases

The transition of CBOT contracts to the CCL will occur in two phases in order to mitigate risks associated with a hot cutover of all products at the same time the CBOT is launching a new electronic trading platform. The phased implementation was determined with the assistance of the Operations, Business Advisory and Bookkeeping Service Providers task forces.

The first cutover will occur on Monday, November 24. At that time all CBOT agricultural, swaps, municipal bonds, Fed Funds and Dow futures and option contracts will begin clearing at the CME. The second and final cutover will occur on Friday, January 2, at which time the remaining CBOT products will clear CME.

Overview of CCL

Before getting started, there are some general points that you need to be aware of:

- All existing clearing schedules will adhere to CME processing cycles, unless otherwise noted.
- TREX messages have been revised to provide consistency in reporting data for either CBOT or CME transactions. This effort to consolidate and eliminate redundancies was done cooperatively with the Operations and Bookkeeping Service task force groups. The updated TREX layout will be published in early July.
- There are no substantive changes to the CME Clearing record layouts and/or reports used by member firms.
- All current delivery applications/mechanisms supporting CBOT deliveries will be in place on November 24.
- Common member firms may elect to balance their CBOT positions separately from their CME positions, or may elect to combine them for balancing.

Testing effort

As a first step, you will be assigned a relationship manager who will guide you through the set up and testing procedures. Your relationship manager will be your liaison between the business areas and technical teams. Set up and testing will be conducted in stages so your progress and status can be accurately tracked.

Integration beta testing begins in July. Any firm wanting to participate during that period must have established connectivity with the CCL, defined queues for the test, and have system authorization to use the on-line applications. Early testing efforts will focus on clearing trades executed both electronically and on the trading floor as well as all post-trading activity. The testing effort for deliveries will be a standalone process and we plan to distribute those details soon.

While firms may elect to participate in the July-August integration beta testing, **all firms will be required to participate in the end-to-end test scheduled to commence on September 2nd**. Some end-to-end test cycles will approximate a full trading cycle with real daily trade volumes/transactions. We have broken the testing into three phases that will include both scripted and free format (simulation) testing. The scripted test will allow all parties to validate the processes and the latter will allow firms to approximate the business practices of a real day's business activity.

The third and final phase of end to end testing will confirm the ability of firms to process the split transmission of transactions that will be required during Phase 1 of production – between November 24 and January 1.

It is important to note that during the September-October time frame the Chicago Board of Trade will be conducting parallel simulation testing for electronic trades on e-cbot. CBOT simulation testing will focus more on the front-end abilities of firms to submit their orders and confirm trades successfully. We anticipate CBOT simulation for electronic trades will run from the first week of October through mid November. The CME and CBOT will make every effort to ensure that test plans are coordinated so that no conflicts are created for any firm.

Detailed plans for CBOT simulation testing will be communicated in the very near future.

Summary

All participating firms must be ready and sufficiently staffed to support end-to-end testing scheduled to begin in early September. We will continue to provide updates to firms throughout this entire process from testing through launch of the common clearing link in November. If you need further information, please contact the following:

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