

CIRCULAR NO. 03/2006

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Authorized by:  
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To:  
All Eurex US Members and ISVs  
(Central Coordinators)

Related Circulars/Bulletins:  
48/2005

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Priority:  
Medium

Contact:  
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Bulletin Attached

Binding Circular

Informational Circular

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Content may be most important for:

All Departments

Attachments:

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**FX EFP Transaction Processing Requirements**

***This Circular reminds Members to comply with all relevant rules and procedures in connection with the processing of Exchange-for-Physical (EFP) foreign currency (FX) futures transactions.***

Exchange-for-Physical (EFP) foreign currency (FX) futures transactions must comply with Eurex US Rule 417 ([http://www.eurexus.com/download/pdf/futures\\_exchange\\_rules.pdf](http://www.eurexus.com/download/pdf/futures_exchange_rules.pdf)) and are subject to review by Eurex US or staff from the National Futures Association acting on behalf of Eurex US. Compliance includes the requirements that the purchase and sale of the futures side must be simultaneous with the sale and purchase of the corresponding currency and that the documentation of the EFP clearly reflects the transaction as an EFP. In accordance with the documentation requirement, the participants to the trade must maintain full documentation relating to the cash leg of the EFP and the parties must initiate and accept the trade using The Clearing Corporation's (CCorp) Allocation and Claim Transaction ("ACT") system.

CCorp's ACT System is available to its Clearing Participants, which have the option to use the ACT EFP GUI screens or the EFP API to initiate and claim EFP transactions in Eurex US FX futures products. If only one party to the EFP is a Clearing Participant, it is recommended that the Clearing Participant enter the details of its side of the EFP first. The Clearing Participant for the other side should then claim the transaction in ACT. If both parties are Clearing Participants, then the Participant that is selling futures should enter the trade and the Participant buying futures should claim the trade. (For further information, please consult the following: <http://www.eurexus.com/products/efp.html>).

Once the initiating side's trade details have been input into the ACT system, they must be claimed by the other party before the transaction will be processed. The initial side of the EFP will remain in the ACT system until it is deleted on the fifth business day after it was first entered. If the initiating side's trade details are deleted prior to being claimed by the other party, they may be re-inserted into the ACT system as an "as of" EFP trade.

It has come to our attention that certain firms have effected transfer transactions to resurrect EFPs (rather than "as of" EFP transactions) if the initial side of the EFP was not taken up within the 5-day window. Instead, members are urged to abide by the "as of" process provided for by the ACT system. **It is important not to enter a transfer trade (or a cancellation [mistrade] for that matter) in connection with any actual EFP trade that has not been claimed and has been deleted, since such an action will not be counted or will be miscounted for purposes of overall trading activity statistics, such as daily volume and open interest. In fact, entering a transfer under such circumstances may expose you to disciplinary action.**

For any legitimate transfer trade, Eurex US members must comply with the requirements of Rule 410 (transfers). More specifically, while the rule permits transfer trades under certain conditions, it requires the parties to notify the Exchange of such activity.

If you have any questions, please feel free to contact one of the following individuals:

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Please note that bulletin #06-001 has been published on the Eurex US website. It may be viewed in the section [www.eurexUS.com](http://www.eurexUS.com) -> About Eurex US -> Rules and Regulations -> Regulatory Bulletins

[http://www.eurexus.com/about/company\\_info/regulatory\\_bulletins.html](http://www.eurexus.com/about/company_info/regulatory_bulletins.html)