

Q&A: CME GROUP EFFORTS TO HELP FACILITATE RELEASE OF MF GLOBAL CUSTOMER FUNDS

Q: What kind of financial guarantee did CME Group announce last week?

A: Last week, CME Group offered the Trustee a \$250 million guarantee to accelerate the release of MF Global customer assets, including cash currently frozen, through a distribution before the liquidation is complete.

In the event that an interim distribution by the Trustee gives customers more cash than they would have been entitled to in the claims process under the Bankruptcy Code and CFTC regulations, CME Group has proposed that our guarantee would be used to make the customer segregation asset pool whole for the amount of any over-distribution, up to \$250 million. We believe these extraordinary measures are needed because an interim distribution by the Trustee could be delayed even further without our guarantee.

Separately, the company also announced that CME Trust would make its \$50 million in assets available to CME Group market participants that suffered losses due to MF Global's improper handling of funds held at the firm level.

Q: Does this mean that \$300M in MF Global customer fund losses will be covered by CME Group?

A: No. The \$250 million CME Group guarantee is a limited guarantee in connection with the goal of accelerating interim distributions by the Trustee, and is not a general guarantee of the customer shortfall. However, the \$50 million from the CME Trust will cover CME Group customer losses due to MF Global.

Q: Does your offer to provide a guarantee indicate something changed in the circumstances surrounding MF Global?

A: No. We offered a guarantee to the Trustee because we believe extraordinary measures are needed to release funds to customers more quickly so they can continue to operate.

It is critical to note that the shortfall in customer segregated funds that resulted in the bankruptcy was at MF Global, not at CME Clearing. That has not changed. Though CME Clearing does not guarantee FCM-held assets, the CME Trust was designed to be used in cases such as this if customers lose money due to the failure of a clearing member.

Q: Will customers receive a pro-rata share of this guarantee? How much will customers get back, and when?

A: No. The \$250 million guarantee offered by CME Group is not a payment made to customers, but rather a pledge of funding to the Trustee to provide him the flexibility to return more customer assets to customers now. In the event that an interim distribution by the Trustee gives customers more cash than they would have been entitled to in the claims process under the Bankruptcy Code and CFTC regulations, CME Group has proposed that our guarantee would be used to make the customer segregation asset pool whole for the amount of any over-distribution, up to \$250 million.

While we don't have specifics at this time as to what funds customers will receive from the Trustee and when they will receive them, we do know any distributions could be delayed further without our guarantee. The Trustee understands this is a time-sensitive business. We are working with the Trustee to distribute as many customer segregated funds and frozen cash balances as possible, as soon as possible. We offered a guarantee to the Trustee because we believe extraordinary measures are needed to reduce the risks to the Trustee's process of releasing more funds now.

Q: Where will the \$250 million CME Group guarantee coming from?

A: The \$250 million guarantee will come from CME Group cash on hand.

Q: What is the CME Trust? How much money does it have now, and will MF Global claims deplete the Trust?

A: The CME Trust was established in 1969 to provide financial protection to customers in the event a CME Group member firm was unable to meet its obligations to customers. CME Trust is providing virtually all of its capital, \$50 million, to CME Group market participants suffer losses as a result of MF Global's improper handling of customer funds at the firm level.

Q: Does this set a "moral hazard" precedent where CME Group will now always backstop shortfalls in segregated funds, tempting firms to tap segregated funds when in trouble?

A: It does not. The failure of MF Global and the firm's mishandling of customer segregated funds is absolutely uncharted territory for this industry. This is a limited guarantee to accelerate interim distributions, and it is not a general guarantee of the customer shortfall. We took this extraordinary step to protect our customers at CME Clearing and the integrity of all futures markets, and to facilitate the return of all remaining segregated funds to customers as soon as possible as allowed by law. Moreover, there are civil and criminal penalties for misusing segregated funds, and our guarantee in no way helps those responsible for customer losses to escape liability for their actions.