

CLEARING

Financial Safeguards

CME Clearing is an operating division of CME Group.

Our clearing function ensures the safety and soundness of our markets, and serves the risk management needs of customers around the globe by offering clearing services for the widest range of benchmark financial products. CME Clearing continues to structure its services, safeguards, and registration status to best serve the evolving markets to which it provides clearing services. This includes CME Group, FXMarketSpace, OneChicago, and OTC transactions through CME Clearing360™, which will also include CME Swaps on Swapstream when they are launched later in 2008. In 2007 we cleared more than 2.8 billion contracts.

Consistent with the enactment of the Commodity Futures Modernization Act of 2000 (CFMA) and the introduction of the Division of Clearing & Intermediary Oversight (DCIO) on July 1, 2002, CME attained Derivatives Clearing Organization (DCO) status. In June 2007, the United Kingdom's Financial Services Authority (FSA) granted CME the status of a Recognised Overseas Clearing House (ROCH). ROCH status enables CME to offer clearing services for non-CME products in the UK jurisdiction including FXMarketSpace.

With CME Clearing substituted as the counterparty to every trade matched or submitted in the clearing process, the risk of default is greatly reduced. The financial integrity of CME Clearing is a foremost consideration of CME Group's Board of Directors, Clearing House Risk Committee, and management. CME Group is vitally aware of its role in international financial markets and believes that its financial safeguard system, designed for the benefit and protection of both clearing members and their customers, is second to none.

OVERVIEW OF THE SYSTEM

Risk management and financial surveillance are the two primary functions of CME Clearing's financial safeguard system. The system is designed to provide the highest level of safety and the early detection of unsound financial practices on the part of any clearing member. Its purpose is to protect all clearing members and their customers from the consequences of a default by a participant in the clearing process.

Clearing members may obtain clearing privileges for all or a subset of cleared products. Requirements may vary with clearing privileges obtained but generally include risk based capital requirements.

CME Clearing's financial safeguard system is constantly being updated to reflect the most advanced risk management and financial surveillance techniques. The financial safeguard system is operated by a "Risk Management Team," which is directed by senior management from the Audit, Clearing, Finance, Legal, Market Regulation, Risk Management, and Executive areas of CME Group.

1 Effective July 12, 2007, CBOT Holdings, Inc. merged with and into Chicago Mercantile Exchange Holdings Inc. Immediately following the merger; the combined company was renamed CME Group Inc. Chicago Mercantile Exchange Holdings Inc. and CBOT Holdings, Inc. remain two separate subsidiaries of CME Group. Additionally, each entity maintains its Self Regulatory Organization (SRO) status.

FINANCIAL INTEGRITY OF CME CLEARING

The accounts of individual members, clearing firms, and non-member customers must be carried and guaranteed to CME Clearing by a clearing member. For every transaction received by or matched through its facilities, CME Clearing is substituted as the counterparty, guaranteeing performance on the opposite side. Clearing members assume full financial and performance responsibility for all transactions executed through them and all positions they carry. CME Clearing, dealing exclusively with clearing members, holds each clearing member accountable for every position it carries regardless of whether the position is being carried for the account of an individual member, for the account of a non-member customer, or for the clearing member's own customer account. Conversely, as the contra-side to every position, CME Clearing is held accountable to the clearing members for the net settlement from all transactions on which it has been substituted as provided in the Rules.

CME Clearing does not look to individual customers for performance or attempt to evaluate their creditworthiness or market qualifications. CME Clearing monitors clearing member firms for the adequacy of credit monitoring and risk management of their customers. CME Clearing looks solely to the clearing member firm carrying and guaranteeing the account to secure all payments and performance bond obligations. Clearing members providing a clearing guarantee to an individual acting as a broker for orders emanating from multiple clearing members is the guarantor of last resort for all resulting trades.

THE SAFEGUARDS

The financial safeguards package encompasses all activity cleared by CME Group to maximize capital efficiencies. As CME Clearing has begun to offer clearing services to regulated and OTC markets, financial safeguards standards have been aligned to best serve the unique attributes of each market. In spite of market differences, CME Clearing employs mark-to-market, performance bond requirements, and account identification as standard risk management practices for all markets served.

The risk management and financial surveillance techniques employed by CME Clearing are comprehensive and specifically designed to:

- Anticipate potential market exposures
- Ensure that sufficient resources are available to cover future obligations
- Result in the prompt detection of financial and operational weaknesses
- Allow swift and appropriate action to be taken to rectify any financial problems and protect the clearing system
- Prevent the accumulation of losses

These techniques are consistent with risk management recommendations and industry best practice standards such as those promulgated by CPSS/IOSCO Task Force on Securities Settlement Systems and the Group of Thirty.

Mark-to-Market

CME Clearing derives its financial stability in large part by removing debt obligations among market participants as they occur. This is accomplished by determining a marking price at the close of each settlement cycle daily, for each contract and marking all open positions to that price. Debt obligations from option contracts are also immediately removed, since the purchaser of an option must pay the premium (cost of the option) in full at the time of purchase.

Each business day, CME Clearing performs two full settlement cycles, marking to the market once in the late morning and once in the late afternoon. Actual settlement of the late morning mark-to-market occurs at mid-day and actual settlement of the late afternoon mark-to-market occurs in the very early morning hours of the next day.

Two distinct processes occur during a settlement cycle. Initially, at each settlement cycle, all new trades are captured, cleared and marked-to-market. All open positions are marked-to-market at this time. Cash settlement flow occurs for the mark-to-market on open futures positions and the option premium associated with new option positions. The mark-to-market on open option positions and FXMarketSpace positions can be satisfied with collateral as part of performance bond requirements. The resulting cash flows between clearing member firms and CME Clearing are known as settlement variation.

Simultaneously, forward looking collateral requirements are re-evaluated for all open positions. The combination of these two processes – the cash payments that move between CME Clearing and our clearing members and the resetting of performance bond coverage – ensure that all accumulated debt obligations are removed from the system, and that CME Clearing holds sufficient collateral to protect against any losses clearing members may accumulate prior to the subsequent settlement cycle.

In times of extreme price volatility, CME Clearing has the authority to perform additional mark-to-market calculations on open positions and call for immediate payment of settlement variation. Settlement variation payments through CME Clearing averaged \$2.2 million per day in 2007, and reached a peak of \$12.8 billion on January 23, 2008.

CME Clearing's mark-to-market settlement system stands in direct contrast to the traditional settlement systems implemented by many other financial markets which are not centrally cleared, including the legacy interbank, Treasury securities, over-the-counter foreign exchange and debt, options, and equities markets, where participants regularly assume credit exposure to each other. In those markets, the failure of one participant can have a ripple effect on the solvency of the other participants. Conversely, CME Clearing's mark-to-market system does not allow losses to accumulate over time or allow a market participant the opportunity to defer losses associated with market positions.

Performance Bonds

Performance bond requirements are good faith deposits to guarantee performance on open positions and are often referred to as "margin." CME Clearing establishes minimum initial and maintenance performance bond levels for all products cleared through its facilities. CME Clearing bases these requirements on historical and implied price volatilities, market composition, current and anticipated market conditions, and other relevant

information. Performance bond levels vary by product and are adjusted to reflect changes in price volatility and other factors. Maintenance performance bond levels represent the minimum amount of protection against potential losses at which the Exchange will allow a clearing member to carry a position or portfolio. Initial performance bond reflects the minimum deposit a clearing member must obtain from a customer opening a new position. Should performance bonds on deposit at the customer level fall below the maintenance level, exchange rules require that the account be re-margined at the required higher initial performance bond level. Initial performance bond enables a customer to absorb some losses before issuance of another performance bond call. Clearing members may impose more stringent performance bond requirements than the minimums set by the exchanges. At the CME Clearing level, clearing members must post at least the maintenance performance bonds for all positions carried. This requirement applies to positions of individual members, non-member customers and the clearing member itself.

In setting performance bond levels, CME Clearing monitors both current and historical price and volatility movements covering short-, intermediate- and longer-term data. CME Clearing uses several different methods of statistical parametric and non-parametric analyses, which typically establish futures maintenance performance bond levels covering expected

one-day price moves of at least 95% -99% of the days during these time periods. The actual performance bond requirements may exceed this level for some products. Performance bond requirements for options reflect movements in the underlying futures price, volatility, time to expiration and other risk factors, and adjust automatically each day to reflect the unique and changing risk characteristics of each option series. In addition, long options must be paid for in full. CME Clearing also mandates stringent minimum performance bonds for short option positions. Option sellers are assessed risk requirements as determined by CME SPAN in addition to the value of the option.

CME Clearing calculates performance bonds using a system developed and implemented by CME in 1988 called Standard Portfolio Analysis of Risk™ (CME SPAN®). CME SPAN bases performance bond requirements on the overall risk of the portfolios using parameters as determined by CME Clearing, and represents a significant improvement over other performance bond systems, most notably those that are "strategy-based" or "delta-based." CME SPAN simulates the effects of changing market conditions and uses standard options pricing models to determine a portfolio's overall risk. It treats all products uniformly while recognizing the unique features of options. In standard options pricing models, three factors most strongly affect options values: the underlying price, volatility (variability of the underlying price), and time to expiration. As these factors change, positions may gain or lose

value. CME SPAN constructs scenarios of price and volatility changes to simulate what the entire portfolio might reasonably lose over a one day time horizon. The resulting CME SPAN performance bond requirement covers this potential loss. CME has licensed CME SPAN to exchanges and clearing organizations around the world and has successfully established CME SPAN as the industry's standard performance bond system.

CME Clearing requires "gross" performance bonds for customer segregated positions in CME products. The clearing member must deposit performance bonds for each open position (long or short) held at each clearing cycle, with appropriate allowances for spreads. CME Clearing allows for optimal margining for customer segregated positions in CBOT products as a continuation of the market practices for those products, giving clearing member firms the choice of modified "net" performance bonds which excludes long option value or "gross" performance bonds which includes long option value. CME Clearing allows for "net" performance bonds for non-segregated or proprietary positions. If a clearing member does not have sufficient performance bond collateral on deposit with CME Clearing, then the clearing member must meet a call for cash performance bond deposits by the designated time after each settlement cycle, which results in a direct debit to the clearing member's account at one of CME Clearing's settlement banks. Active clearing members may meet performance

bond requirements using a wide variety of collateral, including:

- Cash (USD & selected foreign currency)
- U.S. Treasury Securities
- Letters of Credit
- Stocks selected from the Standard & Poor's 500® Stock Price Index
- Selected Sovereign Debt
- Selected Agencies and Mortgage Backed Securities
- Selected Money Market Mutual Funds
- Bank Sponsored Cash Management Program, through selected banks

Securities are revalued every day and are subject to prudent haircuts. Additionally, foreign cash is subject to haircuts in selected circumstances. Various forms of collateral are also subject to limits. CME Clearing also offers a choice of several different collateral management programs, providing efficient and cost effective solutions for clearing member firms collateral management needs. For a complete list of acceptable collateral, please refer to: <http://www.cme.com/clearing/fm/ac/index.html>.

Concentration Performance Bond

CME Clearing also maintains a Concentration Performance Bond Program, which allows CME Clearing to charge additional performance bond requirements when clearing firms' potential market exposures become large relative to the financial resources available to support those exposures.

Cross-Margining

In recognition of the growing linkages among the markets for exchange-traded equity derivative products, as well as the need to promote efficient clearing procedures and to focus on the true inter-market risk exposure of clearing members, CME Clearing, in conjunction with The Options Clearing Corporation (OCC) offer a cross-margining program with respect to market professionals and proprietary accounts. Combining the positions of joint or affiliated clearing members in certain broad-based equity index futures and options into a single portfolio, and utilizing the sophisticated risk-based margining systems of each clearing organization, results in a single performance bond requirement across both markets. The clearing organizations jointly hold a first lien on and security interest in the positions in cross-margined accounts. All performance bond deposits associated with these accounts are jointly held. The cross-margining program significantly enhances both the efficiency and financial integrity of the clearing system by allowing gains accruing to futures or options positions to be immediately available to meet the requirements for funds from losing positions.

In the event that a clearing organization suspends a cross-margining member, the positions in the cross-margin accounts would be liquidated and all performance bond collateral would be converted to cash and applied toward each clearing organization's costs of liquidating the cross-margin accounts. CME Clearing and the OCC are each entitled to half of any

surplus to apply toward other obligations of the clearing member; if one clearing organization did not need its entire share of the surplus, the excess would be made available to the other clearing organization.

Clearing also maintains cross-margin agreements with the LCH Clearnet, the Fixed Income Clearing Corporation, and the New York Mercantile Exchange. These programs involve the cross-margining of selected short-term interest rate, fixed income and commodity products. The design of these cross-margin programs differ from the above mentioned OCC program in that performance bond collateral is held separately at each respective clearing organization. In the event that a clearing organization suspends a cross-margining participant, the cross-margined positions would be liquidated and performance bond collateral would be converted to cash at each respective clearing organization. If as a result of the liquidation of cross-margined positions and performance bond there is a resulting cross-margin loss, there will be a cross-margin guarantee payment from one clearing organization to the other to share the loss.

Segregation of Customer Funds

Regulations governing the U.S. futures and options on futures markets require that customer positions and monies be separately accounted for and segregated from the positions and monies of the clearing member. The regulations are designed to protect customers in the event of the insolvency or financial instability of the clearing member through which they conduct business. The requirements of separate accounting and segregation of

customer positions and monies extend to CME Clearing. Based on specific written instructions from a clearing member, CME Clearing maintains separate accounting of the aggregate positions and monies of the clearing member's customers.

CME Group's Audit Department routinely inspects the books and records of clearing members to ensure, among other things, their compliance with segregation requirements. The integrity of segregation relies on the accuracy and timeliness of the information provided to CME Clearing by member firms. Violations by a clearing member of its segregation requirements are considered serious infractions and can result in major penalties imposed by the governing exchange.

Cleared OTC markets are unregulated and, therefore, are not subject to segregation of customer funds. However, cleared OTC markets are subject to CME Clearing's standard risk management practices.

Capital Requirements for Clearing Members

CME Clearing Members that are subject to CFTC regulation are required to maintain Adjusted Net Capital (ANC) at prescribed levels. All Class A clearing members, except inactive clearing members, must maintain Adjusted Net Capital in excess of the greatest of :

- \$2,500,000; or
- CFTC minimum regulatory capital requirements (see below); or
- SEC minimum regulatory capital requirements

CME Group and the CFTC have adopted a risk-based capital requirement as the regulatory minimum capital requirement. This requirement is computed as 8% of domestic and foreign domiciled customer and 4% of non-customer (excluding proprietary) risk maintenance performance bond requirements for all domestic and foreign futures and options on futures contracts excluding the risk margin associated with naked long option positions.

ANC is computed based on the following formula:

$$\text{Current Assets} - \text{Adjusted Liabilities} - \text{Capital Charges} = \text{Adjusted Net Capital}$$

Current Assets: Cash and other assets that are reasonably expected to be realized as cash, or sold, during the next twelve months. However, certain assets such as prepaid expenses, deferred charges, and unsecured receivables from customers, non-customers, subsidiaries and affiliates, which would be classified as current under generally accepted accounting principles, are deemed non-current. Exchange memberships and assigned shares are also reflected as non-current assets.

Adjusted Liabilities: The clearing member's total liabilities less the liabilities which have been subordinated to the claims of general creditors.

Capital Charges: Regulatory capital charges primarily encompass percentage deductions (“haircuts”) on the following:

- Speculative proprietary futures and options positions
- Proprietary inventories, fixed price commitments and forward contracts
- Under-margined customer, non-customer and omnibus accounts
- Marketable securities

CME Group’s risk-based capital requirements are identical to those imposed by the CFTC, except inactive clearing members are not subject to risk-based capital requirements. Capital requirements are monitored by CME Group’s Audit Department. ANC requirements vary to reflect the risk of each clearing member’s positions as well as CME Group’s assessment of each clearing member’s internal controls, risk management policies and back office operations.

CME Group Class A Clearing Members must have two CME Memberships, two IMM memberships, two IOM memberships, one GEM membership, two full CBOT membership interests, and 12,000 CME Group Class A shares. To obtain clearing privileges for only CME products, a clearing member shall have at least two CME Memberships, at least two IMM memberships, at least

two IOM memberships, at least one GEM membership, and at least 8,000 CME Group Class A Shares assigned to the clearing member. To obtain clearing privileges for only CBOT products, a clearing member must grant to CME a first priority and unencumbered lien on two full CBOT membership interests and 8,000 CME Group Class A shares . To obtain clearing privileges for FXMarketSpace products, a clearing member shall maintain on deposit with CME a membership deposit collateral pool of \$5 million.

Clearing member classes that are only able to trade OTC markets such as FXMarketSpace must be in compliance with their regulatory capital requirements, subject to a minimum tier 1 capital of \$1 billion with potential for increased capital requirements or other restriction based on country of domicile.

Finally, CME Group rules generally require owners of five percent or more of the equity securities of a clearing member to guarantee obligations arising out of house (non-customer and proprietary) accounts of the clearing member to the extent of their ownership interest. Owners of 50% or more must guarantee 100% of the house obligations. This parent guarantee provides a high level of assurance that obligations arising out of trades made and positions held by owners of clearing members are promptly discharged.

Financial Surveillance

Recognizing the need to monitor the financial condition of clearing members, the CME Group Audit Department, in conjunction with other self-regulatory organizations, operates a sophisticated financial surveillance program. The program has several important aspects, as outlined below:

Reporting: Clearing members must calculate segregation requirements and ensure compliance with capital requirements on a daily basis. In addition, firms must submit to the Audit Department full financial statements monthly, provide certified financial statements once a year, and make more frequent reports (daily) as directed.

Notification: Clearing members are required to report any failure to meet segregation or minimum capital requirements. Clearing member firms must notify CME Clearing prior to any significant business transaction or significant change in operations.

Inspection: Generally each clearing member is subject to a financial/operational review every year. The reviews are tailored to focus on the specific risks of the clearing member. All such inspections are performed on a surprise basis.

Information Sharing: CME Clearing participates in formal agreements with other clearing and self-regulatory organizations, domestic and foreign,

Except in the case of a sole-proprietorship where the requirement is one full CBOT membership interest and 8,000 CME Group Class A shares.

regularly exchanging financial and operational information about joint common clearing members with other participating markets. Recognizing that the financial marketplace spans the globe, CME Clearing was instrumental in developing the International Information Sharing Memorandum of Understanding, which established a framework for 65 exchanges and clearing organizations worldwide to share information relevant to managing global market emergencies. CME Clearing also seeks broader cooperation between clearing organizations through such industry forums as the Unified Clearing Group, the Joint Audit Committee, CCP 12, the Intermarket Financial Surveillance Group and the DCO Risk Committee.

Intra-Day Monitoring

CME Clearing monitors intra-day price movements throughout the trading session. To assess the impact of these price changes on clearing members, intra-day mark-to-market calculations are performed on clearing member positions and reviewed by CME Clearing throughout the day and overnight. Large or concentrated positions on the losing side of the market receive special attention. CME Clearing monitors its clearing member firms' settlement variation and performance bond activities at non-CME cleared exchanges and clearing organizations daily. The risk management team may contact the exchanges or clearing organizations to follow up on this activity. The Audit Department may either contact or visit a clearing firm to determine whether proper performance bonds have been collected for positions and to determine their impact on the clearing member's capital position and liquidity.

CME Clearing conducts stress testing of clearing member positions on a daily basis. Numerous stress scenarios have been modeled to reflect a diverse set of possible market events. Stress results are evaluated against performance bond on deposit and also with clearing member adjusted net capital. Results of stress tests may lead CME Clearing to request that the clearing member provide additional information about its customer accounts such as whether there are non-CME Group offsetting positions in other markets. In some cases stress test results may cause CME Clearing to increase a clearing member's performance bond requirement or reduce or transfer positions.

Market Regulation

Through CME Group's Division of Market Regulation, the risk management team has daily access to specific account position information regarding individual members, non-member customers and clearing members, all of which is maintained on a highly confidential basis. Such critical information allows the identification of concentrated positions as they arise and the aggregation of positions that may be owned by common principals through several different clearing members. Knowledge of concentrated or high-risk positions, coupled with information routinely gathered on the cash and/or related derivative markets, enables CME Clearing to respond rapidly to market situations that might adversely affect the clearing system and/or the financial stability of a clearing member. Account level information is monitored for both regulated and non-regulated activity.

Clearing Member Risk Reviews

CME Clearing periodically visits clearing member firms to review financial, operational, credit, and market risk management procedures and capabilities. Senior CME Clearing professionals evaluate how well each firm's procedures and capabilities correspond to its line of business. Senior professionals from Audit, Clearing, Risk Management, and Market Regulation follow up with the clearing member's senior management if there are deficiencies found in their risk management procedures and capabilities.

DEFAULT BY A CLEARING MEMBER

CME Clearing continues to maintain the financial safeguards system and general default procedures for both regulated and OTC markets. Additionally, bankruptcy provisions have been reviewed to remain consistent with the application to each class of clearing member. While the risk management and financial surveillance techniques of CME Clearing are specifically designed to prevent a clearing member firm from defaulting on its obligations, CME Clearing, by rule and by operational practice, has prepared contingencies to expeditiously deal with such an event. The following summarizes the steps that may be taken in the event a clearing member failed to meet its financial obligations to CME Clearing.

Proprietary Account Default

If a clearing member were unable to meet its financial obligations to CME Clearing and a default occurred in its house (proprietary, non-customer, or non-regulated OTC) account, CME Clearing may act immediately to:

- Attempt to transfer all segregated customer positions and monies to another clearing member

- Take control of or liquidate the positions in the house account
- Apply the clearing member's security deposit and house performance bond deposits to the failed obligation
- Attach all other assets of the clearing member that are available to the Exchange (e.g., shares and memberships)
- Invoke any applicable parent guarantee

Customer segregated assets (positions and/or monies) on deposit with or in the control of CME Clearing may not be used or impaired by CME Clearing in the case of a clearing member default resulting from house account activity.

Customer Account Default

If a clearing member were unable to meet its financial obligations to CME Clearing and a default occurred in its customer account, CME Clearing may act immediately to:

- Attempt to transfer non-involved customer positions and monies to another clearing member

- Take control of or liquidate involved customer positions and house positions
- Apply the clearing member's security deposit and house performance bond deposits to the failed obligation
- Attach all other assets of the clearing member that are available to the Exchange (e.g., shares and memberships)

Although CME Clearing segregates customer performance bond deposits from the clearing member's proprietary performance bond deposits, the customer performance bond deposits for each clearing member are held in the aggregate, without identifying specific ownership of the deposits. If a default occurred in the clearing member's customer account, CME Clearing has the right to apply toward the default all customer performance bond deposits and positions in the defaulting clearing member's customer account at CME Clearing. Accordingly, positions and performance bonds deposited by customers not causing the default are potentially at risk if there is a default in the customer account of their clearing

member. Additionally, customer account positions are held in aggregate without identifying which positions are held by specific customers. CME Clearing has the right to liquidate all customer positions and collateral. Accordingly, positions and collateral of customers not causing the default may be liquidated.

Temporary Liquidity Facility

CME Clearing has an \$800,000,000 fully secured, confirmed line of credit agreement with a consortium of domestic and international banks that is expandable to \$1 billion under an accordion feature. Under the terms of the credit agreement, CME Clearing may borrow up to the full amount, by giving notice no later than 3:45 p.m. Chicago time. The credit facility may be utilized if there is a temporary problem with the domestic payments system that would delay payments of settlement variation between CME Clearing and clearing members, or in the unlikely event of a clearing member default. The Line of Credit thus provides a high level of assurance that CME Clearing has the capacity to pay settlement variation to all clearing members even if a clearing member may have failed to meet its financial obligations to CME Clearing.

Unsatisfied Obligation

Should the defaulting clearing member's obligation not be fully satisfied by CME Clearing activity previously discussed, Chicago Mercantile Exchange Inc., a

wholly owned subsidiary of CME Group, would next apply its surplus funds and the security deposits of the clearing members. CME Clearing stands out among clearing organizations with regard to this utilization of both internal and external financial resources.

Each month, the Chief Financial Officer determines the maximum amount of surplus funds that CME Clearing could contribute to satisfy any remaining default obligation, while retaining a prudential amount of working capital for continuing Exchange operations. The amount is targeted at a minimum of \$60 million.

CME Clearing's rules are designed to maximize the liquidity and safety of the pool of security deposits. In general, each clearing member is required to maintain a security deposit equal to the greater of \$500,000 or the results of a formula under which 84.25% of the total requirement is based on the clearing member's proportionate contribution to aggregate risk performance bond requirements over the preceding three months, 15% is based on the clearing member's contribution to risk-weighted volume over the preceding three months, and 0.75% is based on foreign currency settlement requirements. CME Clearing calculates clearing member security deposit requirements at the beginning of each quarter. As of September 30, 2007, the total security deposit requirement totaled \$1.29 billion.

If the default continued to remain unsatisfied after the surplus funds and aggregate security deposits were applied, CME Clearing would then invoke its right to assess clearing members for any unsatisfied obligations. The balance of the unsatisfied default would then be allocated among the clearing membership up to an amount equal to 275 percent of the aggregate security deposit requirement across all clearing members. The allocation would be based on each clearing member's share of the Security Deposit Pool.

Insolvency Law Protections

In the case of a bankruptcy of a full clearing member (typically an FCM or Broker-Dealer), the U.S. Bankruptcy Code and CFTC regulations contain a number of provisions that provide preferential treatment to a clearing member's public customers and to CME Clearing. Recent history has highlighted the advantage that customers of a centrally cleared and regulated entity hold. In a bankruptcy situation, CME Clearing member firms' customers are afforded the protections of a CFTC regulated central clearing counterparty, while customers of any non-centrally cleared and regulated entity are not guaranteed this treatment. These provisions include special priority rules for distribution of property to customers and certain exceptions to the automatic stay and voidability provisions of the U.S. Bankruptcy Code. Set forth below is a general overview of these provisions.

FXMarketSpace clearing members are required to maintain a security deposit minimum of \$1.5 million.

Certain clearing members with restricted clearing privileges are subject to lower minimum security deposit requirements.

The Bankruptcy Code offers a number of protections to CME Clearing when a clearing member is bankrupt regardless of whether the bankrupt clearing member holds public customer accounts or only clears proprietary trades. For example, a trustee may not void pre-bankruptcy payments of original performance bond or settlement variation made to CME Clearing (except in the event of a fraudulent transfer). In addition, the filing of a bankruptcy petition will not stay a setoff by CME Clearing of claims for original performance bond or settlement variation payments owed by a clearing member against cash, securities or other property of a clearing member that CME Clearing holds. These provisions establish a priority for CME Clearing with respect to performance bond deposits, which protect all clearing members. Further, the Bankruptcy Code provides that neither a clearing member's bankruptcy nor any order of a bankruptcy court can prevent CME Clearing from exercising any contractual right it has to liquidate a commodity contract.

With respect to distribution of customer property, the CFTC's bankruptcy rules classify a clearing member's customers as either "public" or "non-public." Non-public customers include certain account holders that are affiliated with or related to the clearing member such as the clearing member officers, directors, general partners or ten (10) percent or greater owners. All other customers are considered "public," and their property on deposit with the clearing member is subject to the Commodity Exchange

Act ("CEA") and CFTC segregation requirements. Customer classes are further divided by account class as: futures accounts, foreign futures accounts, leverage accounts, or delivery accounts.

The Bankruptcy Code affords claims of public customers the highest priority, subject only to the payment of claims relating to the administration of customer property. First, the customer segregated property of the bankrupt clearing member is to be distributed pro rata among the clearing member's public customers. In determining the pro rata distribution, all property segregated on behalf of, or otherwise traceable to, a particular account class is allocated to that class. Property is distributed pro rata notwithstanding that it can be specifically identifiable to particular customers.

Second, if the segregated assets are insufficient to satisfy all public customer claims in full, the clearing member's remaining assets are to be used to satisfy such claims before they are available for distribution to the clearing member's general creditors. After the claims of public customers are paid in full, the same allocation formula is applied to distribute any remaining property to non-public customers.

The applicability of these and other bankruptcy-related provisions will depend on the circumstances of each situation.

In the event of an insolvency of an FXMarketSpace Clearing Member, different laws and procedures will apply. FXMarketSpace Clearing Members will typically be either domestic or foreign banks. An insolvency of a domestic bank would be controlled by the Federal Deposit Insurance Corporation ("FDIC") or a receiver appointed by the Comptroller of the Currency ("Comptroller") depending on the type of banking services provided by the clearing member bank. If the clearing member is a retail depository bank, and therefore insured by the FDIC, its insolvency would be administered under the Federal Deposit Insurance Act ("FDIA") with the FDIC as receiver. A non-depository bank would not be subject to the FDIA, and its insolvency would be controlled by the Comptroller as the licensing agency. Such insolvency is governed by the National Banking Act.

CME Clearing's outside counsel has indicated that based on the FDIA and the Federal Deposit Insurance Corporation Act of 1991 ("FIDICIA") there is strong legal support for contractual netting among a clearing organization such as CME Clearing and its members, including U.S. banks. FIDICIA generally provides that the covered contractual payment obligations and the covered contract payment entitlements of a member of a clearing organization to and from all other members of a clearing organization shall be netted. In addition, the FDIA has provisions that are similar to the Bankruptcy Code in permitting broad cross-product netting and allowing prompt liquidation of contracts with an insolvent bank.

Foreign banks that are FXMarketSpace Clearing Members will fall within one of three relevant categories. If the foreign bank has assets but no subsidiaries or branches in the U.S., it would be subject to the U.S. Bankruptcy Code because it would not be engaged in banking in the U.S. Second, a foreign bank could establish a subsidiary bank in the U.S., either as a retail depository bank subject to FDIC regulations or as a non-depository bank that must be licensed by the Comptroller. The subsidiary's insolvency would be processed in the same manner as a U.S. bank. Finally, the foreign bank could set up branches rather than a bank subsidiary in the U.S. Such branches would not be permitted to accept retail deposits, and therefore the Comptroller, which would license the branches, would be the federal regulator rather than the FDIC. A receiver appointed by the Comptroller would administer the insolvency process in the U.S.

CME Clearing's outside counsel has indicated that in no instance of an insolvency of a foreign bank clearing member would CME Clearing be subject to an obstacle preventing immediate termination of all contracts with the defaulting bank, liquidation of all obligations on a broad netting basis and satisfaction of any net obligations to CME Clearing from the bank's security deposits.

As discussed above, the applicability of these various laws will be fact specific and depend on the entities involved.

SUMMARY OF RESOURCES BACKING THE CME CLEARING SYSTEM

Under no circumstances will customer segregated performance bond deposits held by CME Clearing for one clearing member be used to cover either a house or customer default of another clearing member. Customers doing business through a clearing member not involved in a default are insulated from losses incurred by the failure of another clearing member.

In the event of a default, as of December 31, 2007, CME Group may draw on all or a portion of the following resources to satisfy the outstanding obligation:

Aggregate Performance Bond Deposits	\$57,500,000,000
Market Value of CME Pledged Shares/Trading Rights	\$1,476,000,000
Surplus Funds	\$60,000,000
Security Deposit Requirement	\$1,387,000,000
Assessment Power	\$3,814,000,000
Total	\$64,237,000,000

CUSTOMER PROTECTION

Customers face credit risk in doing business through any particular clearing member. Consequently, the selection process for a suitable clearing member is important. While the policies applicable to segregation of customer monies for products traded in regulated markets are specifically designed to protect customers from the consequences of a clearing member's failure, they do not always provide complete protection should the default be caused by another customer at that firm. Protection against a customer-caused default rests primarily with the management of the clearing member and the importance placed on its internal risk management controls. Generally, a clearing organization's role in the customer protection process is to require all customers to post adequate performance bonds, to administer financial surveillance programs designed to monitor the financial viability of clearing members and, when necessary, to impose specific remedies in an effort to avert the consequences of financial deterioration.

DISASTER RECOVERY AND BUSINESS CONTINUITY

CME Clearing maintains and routinely tests a comprehensive Disaster Recovery & Business Continuity Plan designed to provide protection against a broad spectrum of physical disaster types and to guarantee the survivability of core trading and clearing functions. Key components of the plan include:

- Multiple-redundant systems components, maintained at separate, geographically-dispersed facilities
- Multiple-redundant network connectivity between clearing firms and CME Clearing, into those separate, geographically-dispersed facilities
- Real-time mirroring of data storage between separate facilities

- Physical dispersion of operations-oriented staff
- Multiple electricity feeds as well as back-up generator capability
- Redundant voice telecommunications lines with automatic switching to backup facilities

The plan provides survivability even in the event of complete destruction of CME Group's primary facilities in downtown Chicago. Routinely-tested scenarios include both the completion of the daily clearing cycle on the day of such a physical disaster, and the resumption of normal clearing processing on the following business day.

Only the performance bond deposits of the defaulting firm would be available to CME. Because performance bond deposits reflect position risk, a larger outstanding obligation typically would be met by a larger share of these aggregate deposits

The market value of CME pledged shares/memberships represents the minimum number of specified memberships and the 8,000 shares of our Class A common stock required to be pledged to our clearing house by a firm clearing only CME products as of December 31, 2007. The market value of the memberships is based on the average of the bid and offer for CME and CBOT memberships at December 31, 2007. The market value of the Class A shares is based on the closing price of \$686.00 on the New York Stock Exchange on December 31, 2007. Effective as of February 1, 2007, the requirement to pledge shares of our Class A common stock was decreased from 15,000 to 8,000. This decrease represents our third decrease in the requirement.

Subsequent to the liquidation of the defaulting firm's performance bond collateral, the following resources would be the minimum available to satisfy any unmet obligations of a defaulting firm able to clear CME Group products (Surplus Funds + Security Deposit + Assessment Power + Market Value of Pledged Shares and Memberships of defaulting firm). As of 9/30/07 this was equal to \$4,917,000,000.

SUMMARY

CME Clearing's financial safeguard system is comprised of critical risk management and financial surveillance techniques designed for the protection of the clearing membership and its customers. The keystones of the system are CME Clearing's ability to detect unsound practices and the financial backing of its clearing members. This combination provides unparalleled safeguards for the protection and benefit of all participants in markets cleared by CME Clearing. In the 159 year history of CME Group and its predecessor organizations, there has never been a failure by a clearing member to pay settlement variation to CME Clearing; there has never been a failure by a clearing member to meet a performance bond call; there has never been a failure by a clearing member to deliver resulting from the exercise or assignment of an option contract; there has never been a failure by a clearing member to meet its delivery obligations; and, there has never been a

failure of a clearing member resulting in a loss of customer funds. This system has been remarkably successful in periods of tremendous volatility in the financial markets. Nonetheless, the Exchange continuously strives to improve and strengthen its financial safeguard system.

CME GROUP CLASS A CLEARING MEMBERS (AS OF 12/31/07)

Note: Firms listed with ## are not actively clearing.

ADM Investor Services, Inc.

Advantage Futures, LLC

A.G. Edwards & Sons, Inc.

-AIG Clearing Corporation

Alaron Trading Corporation

Banc of America Securities LLC

Barclays Capital Inc.

Bear, Stearns Securities Corp.

BNP Paribas Securities Corp.

Calyon Financial Inc.

Cantor Fitzgerald & Co.

Citigroup Global Markets Inc.

Credit Suisse Securities (USA) LLC

Daiwa Securities America Inc.

Deutsche Bank Securities Inc.

Dorman Trading, L.L.C.

Enskilda Futures Limited

FC Stone, L.L.C.

FIMAT USA LLC

Fortis Clearing Americas LLC

Gelber Group, LLC

Goldman, Sachs & Co.

Goldman Sachs Execution & Clearing,
L.P.

Greenwich Capital Markets, Inc.

HSBC Securities (USA) Inc.

J.P. Morgan Futures, Inc.

Jump Trading, LLC

Kottke Associates, L.L.C.

Lehman Brothers Inc.

Merrill Lynch, Pierce, Fenner & Smith
Incorporated

MF Global Inc.

Mizuho Securities USA Inc.

Morgan Stanley & Co. Incorporated

Nomura Securities International, Inc.

Penson GHCO

Prudential Bache Commodities, LLC

Rand Financial Services Inc.

R.J. O'Brien & Associates, LLC

RBC Capital Markets Corporation

Ronin Capital, LLC

Rosenthal Collins Group, L.L.C.

SMW Trading Company, Inc.

Timber Hill LLC

TradeLink L.L.C.

TransMarket Group L.L.C. ##

UBS Securities LLC

CME ONLY CLEARING MEMBERS

Cadent Financial Services LLC

Wachovia Capital Markets, LLC ##

CBOT ONLY CLEARING MEMBERS

ARI Grain Co.

Bradley Dean Kolton Commodities

Bunge Chicago, Inc.

Crossland LLC

Cunningham Commodities, Inc.

Eagle Market Makers, Inc.

Hagerty Grain Co., Inc.

Iowa Grain Company

Jemm Grain	CTC Holdings, L.L.C.	Sumitomo Mitsui Banking Corporation
Jerry Manne d/b/a Alaska Commodities	D.E. Shaw Composite Portfolios, L.L.C.	Sun Holdings LLC
Joseph McNealy & Associates	Drawbridge Global Macro Master Fund Ltd.	Susquehanna Clearing, LLC
Keep Clearing Corp LLC	DRW Holdings, LLC	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Longwood Trading	Gator Trading Partners LLC	Thor Optima Fund, Ltd.
Mitsui & Co. (USA), Inc.	Getco Holding Company, LLC	Tudor Investment Corporation
Patrick S. Hillegass	Graham Fed Policy Ltd.	W.H. Trading, L.L.C.
RB Trading	Harrison Trading Group, LLC	Wolverine Trading, LLC
RDG Trading	Infinium Capital Management, LLC	
Shatkin Arbor, Inc.	International Trading Group, L.L.C.	
Swank Trading Co.	KC-CO II, LLC	
TENCO, Inc.	Kingstree Trading, LLC	
Term Commodities Inc.	London Diversified Fund Limited	
Triland USA Inc.	M&N Trading, L.L.C.	
FXMARKETSPACE/OTC ONLY CLEARING MEMBERS	Madison Tyler, LLC	
ABN AMRO Bank N.V.	Marquette Partners, L.P.	
The Royal Bank of Scotland plc	Medallion Trading	
CLASS A – INACTIVE CLEARING MEMBERS	Millennium Partners, L.P.	
Allston Trading, LLC	Mizuho Financial Group, Inc.	
AQR Absolute Return Master Account, L.P.	Moore Macro Fund, L.P.	
Atlas Master Fund, Ltd	Optiver US, LLC	
Blue Capital Group LLC	Peak6 Futures, LLC	
BlueCrest Capital International Limited	Q1 Partners, LP	
Brevan Howard Master Fund Ltd.	Quantum Partners LDC	
CIBC World Markets Corp.	Quiet Light Securities, LLC	
Citadel Derivatives Group LLC	Rho Trading Securities, LLC	
Crabel Fund, L.P.	S.A.C. International Equities, LLC	

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All matters pertaining to rules and specifications herein are made subject to and are superseded by official CME Group rules. Current CME Group rules should be consulted in all cases concerning contract specifications.



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