TO: Clearing Member Firms
FROM: CME Clearing Europe
Advisory No: 12-61
SUBJECT: Initial Margin Collateral Update – Physical Gold

Date: 17th August 2012

CME Clearing Europe is extending the list of eligible collateral that can be used to cover Initial Margin requirements. Effective August 20th, 2012, Clearing Members will be able to post physical gold to CME Clearing Europe to cover House and Client Initial Margin requirements. CME Clearing Europe has appointed Deutsche Bank, JPMorgan Chase and HSBC to act as their Gold Depositories.

There will be a 15% asset haircut on the market value of all gold deposits. Additionally, there will be a limit of US$ 200 million or 20% of the overall Initial Margin requirement per Clearing Member whichever is the lower figure.

Fees for storage, insurance and handling will be assessed by the custodian and passed on to the firms monthly. CME Clearing Europe will send pre-notifications via email to back office managers each month which will reflect the date that these monies will be debited directly from the firm’s house account.

For details of how to request a deposit or withdrawal of Gold please contact the Collateral Management team at CME Clearing Europe on 020 33793125 or e-mail CMECEcollateralmanagement@cmegroup.com.