

TO: Clearing Member Firms
FROM: CME Clearing
ADVISORY #: 16-213
SUBJECT: **Rule 826 takes effect Wednesday, May 25 -- House margin levels to be affected**
DATE: May 24, 2016

As described in Clearing Advisory 16-191, published on April 29, 2016: Effective Wednesday, May 25, 2016, CME, CBOT, NYMEX and COMEX will adopt new Rule 826, "Proprietary Account Minimum Liquidation Period." This new rule provides that performance bond requirements for clearing member proprietary positions will be calculated to reflect a two-day liquidation period. New Rule 826, Advisory 16-191, and this Advisory are all in response to the European Commission's Implementing Decision on the equivalence of the regulatory framework of the United States of America for central counterparties that are authorized and supervised by the Commodity Futures Trading Commission to the requirements of the Regulation (EU) number 648/2012 of the European Parliament and of the Council. This regulation is often abbreviated as "EMIR" – the European Market Infrastructure Regulation.

This is to confirm that the new Rule 826 will take effect beginning with the end-of-day clearing cycle on Wednesday, May 25, 2016, and this may result in an increase in performance bond (initial margin) requirements for house (proprietary) position in futures.

For several weeks, CME Clearing has published a new clearing report each night which allows firms to anticipate the effect of this change on their house performance bond requirement when the change takes effect on May 25. The report is available each evening on CME's "EREP" report distribution system. The report ID is **CPBRPT100** and the report title is **EMIR ADDON AMOUNTS**. **We will continue nightly publication of this new report, and beginning on May 25 it will show the actual amount by which the margin requirement has been impacted.** The amount will also be available on the CPB990, CST580 and CST600 reports, shown as the requirement for a new **EMIR** group.

The CPBRPT100 report is available to all firm users who are in the "Firm Financial Staff" or "Firm Risk Staff" profiles. The report is a simple CSV-format datafile that can be opened using Microsoft Excel or a similar application. The report is comprised of two rows, one row with the column headers and one row with data. In addition to identifying the performance bond account affected, the report provides the amount and the percentage by which the firm's performance bond requirement increased on that day as a result of this new rule (to the extent there is an impact).

Clearing Advisory 16-191 is at:
<http://www.cmegroup.com/notices/clearing/2016/04/Chadv16-191.pdf>

For more information please contact CME Clearing at 312-207-2525.