

TO: Clearing Member Firms
Chief Financial Officers
Back Office Managers

FROM: CME Clearing

ADVISORY #: 17-072

SUBJECT: **Implementation of Revisions to the Concentration Margin Program**

DATE: February 23, 2017

Effective at the end-of-day cycle on Friday, February 24, CME Clearing will enact revisions to its concentration margin program for futures and options.

To enhance the stability of concentration margin charges, CME Clearing has deemed it appropriate to enhance the current program to apply an Adjusted Net Capital ("ANC") threshold rather than an Excess ANC threshold. Concentration margin tiered add-ons are presently determined by assessing the calculated stress loss relative to Excess ANC, average historical variation margin payments, and an absolute dollar value threshold. There will be a negligible impact on the amount of concentration margin on deposit as a result of this change.

This modification has no impact on any other aspect of the concentration margin program. The current logic, where the high pay threshold must be met to be subject to a charge and the greater of the absolute or ANC thresholds being used to determine the tier applied, will be maintained.

Additional detail on this change is available in advisory #17-053.

Should you have any questions, please contact Jake Sandkamp (jake.sandkamp@cmegroup.com; (312) 338-7164) or Matt Waldis (matthew.waldis@cmegroup.com; (212) 299-2148).