

TO: CME CORE Users

FROM: CME Clearing

DATE: March 28, 2017

SUBJECT: CME CORE Update: New Uncleared Margin Analysis for OTC FX, Beta testing for CME CORE's New UI and Real-time Features

ADVISORY #: 17-119

OTC FX Uncleared Margin Analysis

CME CORE OTC FX functionality was updated with the ability to calculate indicative margin results for cleared and uncleared portfolios and identify potential margin efficiencies that can be achieved through clearing.

CORE leverages a combination of the ISDA SIMM* and CME Group margin methodologies to evaluate a user's overall margin exposure and impacts of clearing OTC FX trades through CME. This feature will be available via CORE's beta version of the new user interface. To obtain access to the feature, please reach out to the CORE team at CME.CORE@CMEGroup.com.

To view a video demonstration of this feature please visit our CORE online demo page here: <http://www.cmegroup.com/clearing/cme-core-overview-demo.html>

To perform the analysis, users will need to provide the following inputs to CORE:

1. Sensitivities for uncleared portfolio
2. Potentially clearable OTC FX trades that are currently uncleared

Once the analysis is complete, CORE will provide the following margin statistics:

1. Uncleared margin requirement (ISDA SIMM*)
2. Margin requirement for OTC FX trades, if cleared at CME (CME margin model)
3. Updated uncleared margin requirement (ISDA SIMM*)
 - a. Sensitives for trades brought into clearing are removed from uncleared portfolio
4. Total margin impact comparing cleared and uncleared margin requirements
5. Uncleared margin requirement broken out by counterparty and Greek risk factor (ISDA SIMM*)
 - a. Delta, Curvature, Vega

Margin Contribution Breakdown					Margin Savings Breakdown				
Account:		MULT			Current OTC FX Portfolio IM Requirement		0.00		
Cleared OTC FX Margin Requirement		38,354,425.00			ISDA SIMM Sensitivities IM Residual		68,498,032.51	1	
Uncleared ISDA SIMM Margin Requirement		4,947,748.41			Current Total Margin		68,498,032.51		
Total Portfolio IM Requirement:		43,302,173.41			New OTC FX Portfolio IM Requirement		38,354,425.00	2	
Total Number of Cleared OTC FX Positions		80			ISDA SIMM Sensitivities IM Residual		4,947,748.41	3	
Total Number of Uncleared ISDA SIMM Positions		239			New Total Margin		43,302,173.41		
					Total Margin Difference:		25,195,859.10	4	
					Total Margin Savings Percentage		36.78%		
ISDA SIMM Counterparty IM Break-down									
CounterParty		Delta		Delta Total	Curvature		Curvature Total	Vega	
		Risk_FX	Risk_IRCurve		Risk_FX	Risk_IRCurve		Risk_FX	Risk_IRCurve
Portfolio 2	Existing	4,060,776.48	270,233.12	4,141,920.32	0.00	0.00	0.00	0.00	0.00
Portfolio 2	Post Analysis	48,317.00	20,507.03	57,359.60	0.00	0.00	0.00	0.00	0.00
Portfolio 3	Existing	30,692,210.42	1,581,900.01	31,156,576.71	0.00	0.00	0.00	0.00	0.00
Portfolio 3	Post Analysis	475,575.70	177,440.33	550,659.54	0.00	0.00	0.00	0.00	0.00
Portfolio 6	Existing	5,071,075.91	322,945.47	5,167,635.08	0.00	0.00	0.00	0.00	0.00
Portfolio 6	Post Analysis	49,926.85	28,731.93	63,975.32	0.00	0.00	0.00	0.00	0.00
Portfolio 4	Existing	17,309,857.62	1,280,960.60	17,698,745.26	0.00	0.00	0.00	0.00	0.00
Portfolio 4	Post Analysis	251,992.70	99,170.41	294,668.99	0.00	0.00	0.00	0.00	0.00
Portfolio 5	Existing	10,221,555.93	388,273.98	10,333,155.13	0.00	0.00	0.00	0.00	0.00
Portfolio 5	Post Analysis	3,968,012.80	47,444.64	3,981,084.97	0.00	0.00	0.00	0.00	0.00

- Your use and receipt of this report is subject to the terms and conditions of the CME Core User Agreement. The estimates provided herein are solely non-binding estimates of margin requirements based upon user's inputs. These numbers are only estimates and should not be relied upon in any way. CME Group assumes no responsibility for any errors or omissions.
- Concentration charges may apply to portfolios having margin above certain thresholds.
- The ISDA SIMM is licensed from International Swaps and Derivatives Association, Inc., All Rights Reserved.

CORE's New User Interface

In the months ahead, a new version of CORE's UI will be made available for all asset classes for a public beta testing period. We will make the Beta UI available in parallel with the current production UI and plan to incorporate user feedback and launch the updated UI later this year.

The first feature available through the new UI is CME CORE's OTC FX Uncleared Margin Analysis feature. The CME CORE support team is interested in receiving feedback about the new UI from CORE users. Please contact cme.core@cmegroup.com to gain access to the beta version of the UI and provide feedback.

Beta UI screenshot

calculator

CME Group

CME CORE

Home

Margin Calculator

CORE UI

CORE: The Clearing Online Risk Engine

Rates Calculator

Margin and optimize any combination of cleared and/or hypothetical IRS trades, IRS delta ladder and futures positions, including IRS trade based optimization and the Ideal Optimization analysis.

Futures & Options Calculator

CME CORE supports calculating indicative margin requirements for all CME Group Futures and Options, and enhanced incremental margin calculation function for "What if" scenario analysis.

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Margin Matrix

03/22/2017

IRS - Swaptions

\$100,000,000 notional (in USD)

BUY

SELL

STRADDLE

PAY

Tenor	Swaption	Swap	Combined	Savings	Par Rate
1M1Y	\$37,740	\$104,152	\$13,373	90.58%	1.42%
3M1Y	\$60,567	\$132,431	\$16,055	91.68%	1.51%
1Y1Y	\$158,396	\$226,132	\$44,821	88.34%	1.87%
1M2Y	\$102,140	\$341,326	\$29,147	93.43%	1.66%
3M2Y	\$166,584	\$303,956	\$37,891	93.24%	1.74%
1Y2Y	\$321,435	\$461,330	\$110,757	85.85%	2.03%

Account Summary

No accounts are selected.

Add accounts to this dashboard by clicking on the top right plus icon.

Margin information for accounts will be updated here every 15 minutes.

Currently, this feature is only available for CORE users that are currently clearing interest rate products at the CME.

Gain access to your CME Group cleared IRS portfolios and margin requirements via CORE's Real time features

Real-Time Margin Dashboard

The Real-time Margin Dashboard allows you to access margin trade data for cleared OTC interest rate swaps (IRS) portfolios. This information is provided for both end-of-day portfolios as well as intra-day portfolios and includes updated trading activity that occurs throughout the trading day. Trade data is refreshed every 15 minutes for current portfolios, providing users a real-time view into their margin requirements.

This data is also available through the Margin API.

<http://www.cmegroup.com/confluence/display/EPICSANDBOX/Margin+Service+API+-+Analytics+-+RealTimeMargin>

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Margin Matrix
03/28/2017 | IRS - Swaptions | Export
Buy | Sell | Straddle | 100,000,000 for all Notionals.

Tenor	Swaption	Swap	Combined	Savings	Par Rate
1M1Y	\$40,523.58	\$101,315.79	\$14,448.03	89.814%	1.3963%
3M1Y	\$64,276.91	\$132,448.16	\$17,527.22	91.091%	1.4722%
1Y1Y	\$162,565.98	\$228,447.47	\$46,075.15	88.216%	1.8081%
1M2Y	\$109,679.99	\$339,174.88	\$31,178.83	93.054%	1.6182%
3M2Y	\$172,021.84	\$392,638.57	\$39,800.63	92.951%	1.6863%
1Y2Y	\$326,968.40	\$467,023.68	\$114,944.36	85.523%	1.9648%
2Y2Y	\$381,945.88	\$491,546.17	\$146,193.36	83.263%	2.2199%
1M5Y	\$372,575.40	\$962,314.09	\$115,530.58	91.345%	2.0243%

Account Summary
Last Updated Mar 22, 2017 10:29AM

Account ID	Margin Current	Trades Current
CORECUST3I	\$11,903,256	6
CORECUST1I	\$1,583,089	19
CORECUST2I	\$1,527,520	15
CORE10CUST1I	\$47,760,589	693
CORETEST4673I	\$0	0
CORECUST4I	\$5,837,778	6
COREHOUSE2I	\$604,662,792	29

Margins recalculated every 15 minutes

Real-time Positions (My Cleared Trades)

The 'My Cleared Trades' feature of CME CORE provides you access to data for your OTC interest rate swap (IRS) cleared trades. Cleared trade data is available for your end-of-day and current portfolios. You simply select cleared portfolios, then utilize the existing CME CORE infrastructure to seamlessly request margin results, view cleared trade data, and perform hypothetical analysis.

Link to additional information on CORE's Real-time features can be found here:

Info Page: <http://www.cmegroup.com/trading/otc/otc-analytics-in-cme-core.html>

Online demos: <http://www.cmegroup.com/clearing/cme-core-overview-demo.html>

Please contact the CME CORE group at CME.CORE@CMEGroup.com with any questions.

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