



Special Executive Report

DATE: December 23, 2016

SER #: 7706

SUBJECT: Commingling Margins for Commodity Futures/Options and Swaps/Forwards

Effective Sunday, February 5, 2017 for trade date Monday, February 6, 2017, and pending all relevant CFTC regulatory review periods, Chicago Mercantile Exchange, Inc. ("CME"), The Board of Trade of the City of Chicago, Inc. ("CBOT"), New York Mercantile Exchange, Inc. ("NYMEX"), and Commodity Exchange, Inc. ("COMEX") will allow the commingling of customer positions in significantly and reliably correlated futures/options and swaps/forwards and any money, securities, or property used to margin, guarantee or secure such positions, in cleared swap customer accounts.

Below is a list of cleared swaps/forwards, which shall be initially eligible for commingling, and pending all relevant CFTC regulatory review periods, with any futures/options identified by CME Clearing as significantly and reliably correlated.

Category	Contract	Rulebook Chapter	Product Code
Grain and Oilseed	USD Malaysian Palm Oil Calendar Swaps	CME 204A	CPC
Grain and Oilseed	USD Malaysian Palm Olein Calendar Swaps	CME 204B	OPS
Commodity Index	Bloomberg CI Index 2 Month Forward Swaps	CBOT 29B	DG2
Commodity Index	Bloomberg CI Index 3 Month Forward Swaps	CBOT 29C	DG3
Commodity Index	Cleared OTC Bloomberg Commodity Index (CI) Swaps	CBOT 29A	DGS
Commodity Index	S&P Goldman Sachs Commodity Index (GSCI) Enhanced ER Swaps	CME 415B	RRE
Commodity Index	S&P-GSCI ER Index 2 Month Forward Swaps	CME 415E	SE2
Commodity Index	S&P-GSCI ER Index 3 Month Forward Swaps	CME 415F	SE3
Commodity Index	S&P-GSCI Excess Return Index Swaps	CME 415A	SES
Fertilizer	DAP FOB Tampa Swaps	CBOT 47	DFT
Fertilizer	Diammonium Phosphate (DAP) FOB NOLA Swaps	CBOT 48	DFL
Fertilizer	Urea (Granular) FOB US Gulf Swaps	CBOT 45	UFN
Fertilizer	Urea Ammonium Nitrate (UAN) FOB New Orleans, Louisiana (NOLA) Swaps	CBOT 46	UFU
Fertilizer	Urea FOB Egypt Swaps	CBOT 50	UFG
Fertilizer	Urea FOB Yuzhny Swaps	CBOT 49	UFZ
Precious Metals	Cleared OTC London Gold Forward (cash margin)	COMEX 1081	GBC
Precious Metals	Cleared OTC London Gold Forward (collateral margin)	COMEX 334	GB
Precious Metals	Cleared OTC London Silver Forward (cash margin)	COMEX 1083	LSF

The commingling will benefit customers and the overall derivatives markets by allowing customers to obtain the benefit of margin offsets between futures/options and swaps/forwards, in accordance with CME

Clearing's portfolio margining program, thus reducing trading costs and allowing for more efficient capital usage.
Appendix A shows the proposed amendments to the CME/CBOT/NYMEX/COMEX Rulebooks in blackline format.

Please refer questions on this subject to:

US:

Randy Shao	Ren yuan.Shao@cmegroup.com	(312) 648-3795
Fred Seamon	Fred.Seamon@cmegroup.com	(312) 634-1587
Dave Lehman	David.Lehman@cmegroup.com	(312) 930-1875

Singapore:

Nelson Low	Nelson.Low@cmegroup.com	(65) 6593-5570
WingChew Mok	Wingchew.Mok@cmegroup.com	(65) 6593-5583

Appendix A

(additions are underlined)

CME/CBOT/NYMEX/COMEX Rulebook

Chapter 8

Clearing House and Performance Bonds

Rule 831. COMMINGLING OF ELIGIBLE BASE FUTURES AND SWAPS POSITIONS

The Clearing House may identify non-swap Base Guaranty Fund Products that may be commingled with positions in swap Base Guaranty Fund Products in order to provide risk offsets for customer positions if and only if the price risks with respect to such products are significantly and reliably correlated (such products, "Base Eligible Products"). The price risks of different positions will only be considered to be significantly and reliably correlated if there is a theoretical basis for the correlation in addition to an exhibited statistical correlation. Upon such identification, Base Clearing Members may elect that a customer's positions in Base Eligible Products be commingled in a cleared swaps account. If the Clearing House determines at any time that any Base Eligible Products are non-risk reducing when commingled, the Clearing House may either restrict the commingling of additional Base Eligible Product positions or require moving or liquidating such positions.