

Advisory Notice

Clearing House

11-351

TO: Clearing Member Firms
Chief Financial Officers
Back Office Managers
Margin Managers

FROM: CME Clearing

SUBJECT: Review of Collateral Haircuts Advisory

DATE: Friday, September 30, 2011

In conjunction with regular review of market volatility to ensure adequate collateral coverage, please find the current acceptable collateral, haircuts and rule changes for CME Clearing below. CME Clearing reports one change to the limit applicable to Physical Gold effective close of business on October 3rd and no additions or deletions to Asset Class or haircuts. Please see CME Clearing website for more details:

<http://www.cmegroup.com/clearing/financial-and-collateral-management/>

Should you have any questions, please contact the Risk Management department at 312-648-3888.

Asset Class			Current Haircuts						Changes			
U.S. Treasuries			0-5 years		5-10 years		>10 years		Off the run			
	TBILL		0.5%								-	
	TNOTE/TBOND		3.0%		4.5%		6.0%		1.5%		-	
	TSTRIP		11.0%		11.0%		11.0%				-	
U.S Government Agencies	FFCB, FHLB, FHLMC, FNMA, GSEOTH		0-5 years		5-10 years		>10 years		Off the run			
	BILL		3.5%								-	
	NOTE/BOND		4.0%		5.5%		7.0%		1.5%		-	
	Mortgage Backed Securities (FNMA, FHLMC, GNMA)		11.0%		11.0%		11.0%				-	
Foreign Sovereign Debt*			0-5 years		5-10 years		10-30 years		>30 years		Off the run	
	BILL		5.0%									-
	NOTE/BOND		6.0%		7.5%		9.0%		10.5%		1.5%	-
Cash*	US Dollar					No haircut					-	
	Austrian dollar, British pound, Canadian dollar, Euro, Japanese Yen, New Zealand dollar, Norwegian krone, Swedish krona, Swiss franc					5%					-	
	Mexican peso					15%					-	
	Turkish Lira					20%					-	
Gold	15% haircut applied to market value										-	
IEF 2	3%										-	
IEF3/4	NO CHANGES TO HAIRCUTS. Contact Clearing House for more details.										-	
IEF5	No Haircut										-	
Stock	30% haircut applied to market value										-	
TLGP	10% haircut applied to market value										-	
Letters of Credit	No Haircut										-	

*For COTC customer sequestered, please see website for applicable countries.

Acceptable Collateral	Limits/Rules	Changes
Gold	Limited to 20% of clearing member's non-segregated (NSEG) core performance bond requirement, 50% of reserve, and 50% of concentration requirement	-
	Limited to firm asset of \$500 million	Change from \$200 million to \$500 million effective close of business on October 3rd