

12-183

DATE: April 27, 2012 (originally published April 4)

TO: Clearing Member Firms

FROM: CME Clearing

SUBJECT: **REVISED: Portfolio Margining for Eris Exchange and CME and CBOT Interest Rate Futures to Begin on Monday May 7, 2012**

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**REVISION #2 – April 27: the effective date of this program is May 7.**

On **Monday May 7, 2012**, CME Clearing will begin offering portfolio margining of CME Eurodollar, CBOT Treasury Notes and Bond futures together with Eris Exchange Interest Rate Swap futures. The program will be available for both customer and house accounts on that date.

The program will allow accounts with offsetting positions in Eurodollars, Treasury Notes and Bond futures and Eris Exchange contracts to obtain risk offsets and, hence, lower performance bond (initial margin) requirements. Actual risk offsets vary by portfolio, but can reach as high as 95% for highly correlated positions.

To take advantage of the program, clearing firms will use special firm numbers for interest rate futures trades to be margined together with Eris Exchange contracts, in exactly the same manner as is used for the Eris Exchange contracts themselves. You can execute directly with the special firm number, do an allocation on trade date, or do a transfer at any time, and such allocations or transfers will be exempt from fees.

This program should not be confused with CME's program for portfolio margining for interest-rate futures together with CME-cleared interest-rate swaps, which also launches on Monday, May 7, 2012 for house accounts.

The reduced margin requirements will be reflected in the datafiles provided by CME Clearing to FCM's with customer positions in Eris contracts. Firms may also use CME's margin software to verify margin calculations for these portfolios and perform what-if analysis.

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