

TO: Clearing Member Firms  
 FROM: CME Clearing  
 ADVISORY #: 12-194  
 SUBJECT: Portfolio Margining for OTC Interest Rate Swaps and Futures  
 DATE: Monday, May 7, 2012

### Portfolio Margining for OTC Interest Rate Swaps and Futures

On **Monday May 7, 2012**, CME Clearing will begin offering portfolio margining of CME Eurodollar, CBOT Treasury Notes and Bond futures together with cleared OTC Interest Rate Swaps. The risk reduction achieved by this program may result in capital efficiencies of up to 85 percent for certain portfolios, figures that remain unparalleled in the industry. The program will be available for proprietary (“House”) accounts on that date with the same benefits available for customer accounts later in the year subject to regulatory review.

For general inquiries about the program please contact Corey Farabi at 1.312.466.4408.

#### Eligible Portfolio Margin Products

Please see the below list for all eligible Portfolio Margin products:

Name	Product Type	Exchange	CME Codes
<b>Eurodollar Future</b>	Eurodollar Futures	CME	Open Outcry = ED CME Globex = GE
<b>U.S. Treasury Bond</b>	U.S. Treasury Futures	CBOT	Open Outcry = US CME Globex = ZB
<b>10-Year U. S. Treasury Note</b>	U.S. Treasury Futures	CBOT	Open Outcry = TY CME Globex = ZN
<b>5-Year U.S. Treasury Note</b>	U.S. Treasury Futures	CBOT	Open Outcry = FV CME Globex = ZF

2-Year U.S. Treasury Note	U.S. Treasury Futures	CBOT	Open Outcry = TU CME Globex = ZT
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### Cut Off Time for Portfolio Margining

The cut off time for when firms may directly execute, give up or transfer trades into their CME OTC IRS Portfolio Margin Account is 6PM CT/ 7PM ET in the production environment. **Please note that this is one hour earlier than standard CME/CBT post-trade transaction cut off time.** This cut off is static and cannot be adjusted for any reason.

### Account Requests

For all new account or affiliated firm requests please use the attached report (**Consolidated Account Setup Form**) filling out the following columns:

Clearing Member

Clearing Firm Number

Trading Firm Number

CME OTC IRS Portfolio Cross Margin Direct Execution

CME OTC IRS Rates Portfolio Margin Account Number

House/Customer

PB Account Number (IRS/Rates Cross Margining Only)

Please send this report to [Onboarding@cmegroup.com](mailto:Onboarding@cmegroup.com). Please allow 24 hours for account creation. You will receive confirmation when your accounts are available.

Please note that when requesting a new Trading Firm Number the CME must verify that the firm number is not already in use. If you would like the CME to assign a unoccupied Trading Firm Number please contact [Onboarding@cmegroup.com](mailto:Onboarding@cmegroup.com) and one will be provided.

### Reporting Requests

For all accounts created under a new affiliate you will need to request system access to the affiliate using the attached (**ClearingOnlineAccess**) form. Most back office personnel will need to request access to the following:

- Front End Clearing (FEC)
- EREP - Various Reports
- Positions

If you require access to other system please indicate your need on the attached form. Please fax this form to CME Firm Support at the number indicated at the bottom of the sheet.

### Additional Reporting

Please find the specifications for two new supplemental reports that will be provided in regards to portfolio margining. These reports will be provided nightly by 9PM ET to your firms FTP site in addition

to any standard futures and rates reports you currently receive. The naming convention for the two reports will be as follows:

IRSXI_XXX_YYYYMMDD_EOD.csv	(Initial Margin Report)
IRSXV_XXX_YYYYMMDD_EOD.csv	(Variation Margin Report)

#### Treasury Deliveries

Clearing Firms are required to load their Long Dates into the Deliveries Plus application as per the normal delivery rules if Futures have been transferred into the Portfolio Margin Account. These accounts will be utilized in the assignment process like any other normal account.

Please contact the CME Clearing Deliveries Unit at 1.312.930.3172 or email at [clearinghousedeliv@cmegroup.com](mailto:clearinghousedeliv@cmegroup.com) if you have further questions.