

TO: Clearing Member Firms; Back Office Managers

FROM: CME Clearing

ADVISORY #: 14-503

SUBJECT: Change to Application of Full Value Margin Requirements for DME Oman Crude Oil Contracts

DATE: December 24, 2014

In an effort to enhance capital efficiencies for clearing member firms and their customers, CME Clearing is pleased to announce a reduction in the number of business days full value margin is required for the DME Oman Crude contract. Effective with the **March 2015 DME Oman Crude contract**, the number of days full value margin is required will be reduced from approximately 60 days to 45 days.

Post Oman's last trade date, full value margin is assessed to long position holders on the first business day of the delivery month. Beginning with the March 2015 contract month, full value margin will be assessed to long position holders in delivery 10 "business" days prior to the "first" scheduled delivery (lay) day as designated in the Deliveries Plus system by respective clearing member firms. Depending on what delivery (lay) day is selected this change will reduce the number of days full value margin is required by CME Clearing.

Special Notes:

- Clearing member firms need to ensure that the designated delivery dates are accurate. Revisions to the delivery (lay) day will not allow for the amendment of the application of full value margin in all cases. In a scenario, where the original delivery (lay) date is moved later into the delivery period the original full value margin date will remain in effect. If the change to a delivery (lay) day will cause the full value margin requirement to be applied earlier than originally calculated, the clearing member firm will receive an alert from Deliveries Plus which will then require CME Clearing approval. In order to receive approval, the long position holder will need to deposit full value margin with CME Clearing prior to receiving approval.
- There is no change to the removal of the full value margin requirement applied to clearing member firms. The requirement will continue to be removed once a delivery has either reached a "Payment Complete" status or an "ADP Complete" status.
- For Oman Crude contracts in delivery prior to the March 2015 contract month, the current full value margin assessment process is in effect.

Example: Revised Full Value Margin Assessment Timeline

March 2015 Contract Month

Scheduled Lay Days - March 20th and March 21st

Full Value Margin Assessment Date - March 6th

PLEASE NOTE: *Clearing Members are advised to remind their customers to work with their respective banks to ensure that any collateral intended to cover the FVM requirement is submitted to CME in a timely manner.*

If there are any questions or concerns regarding this change please contact:

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