Bloomberg Analytics for CME Swap Clearing

- CME-Specific USD Valuation Curve
- CME Cleared Swaptions Initial Margin Calculations

CME Group

CME-Specific USD Valuation Curve

CME Specific USD Curve in Bloomberg

- ✓ CME developed it’s own USD curve in June 2015 to provide transparency to the marketplace
- ✓ Users have the ability to change to a CME USD curve on the Swap Manager Page (SWPM) for one time calculations
- ✓ Users can change the default USD curve to the CME curve through the Swap Curve Builder Page (ICVS)
- ✓ After setting the default USD curve to CME, Swap Manager (SWPM), Swap Curve Builder (ICVS) and Invoice Spread Analysis (IVSP) page will have the USD CME curve populated

Swap Manager (SWPM)

From the Swap Manger page, you have the ability to change to a CME curve valuation

1. Select the + sign next to Market

2. By selecting the dropdown Fwd, you will have the ability to select USD CME Swap Curve

3. Re-calculate to update the output after the USD CME Swap Curve is selected

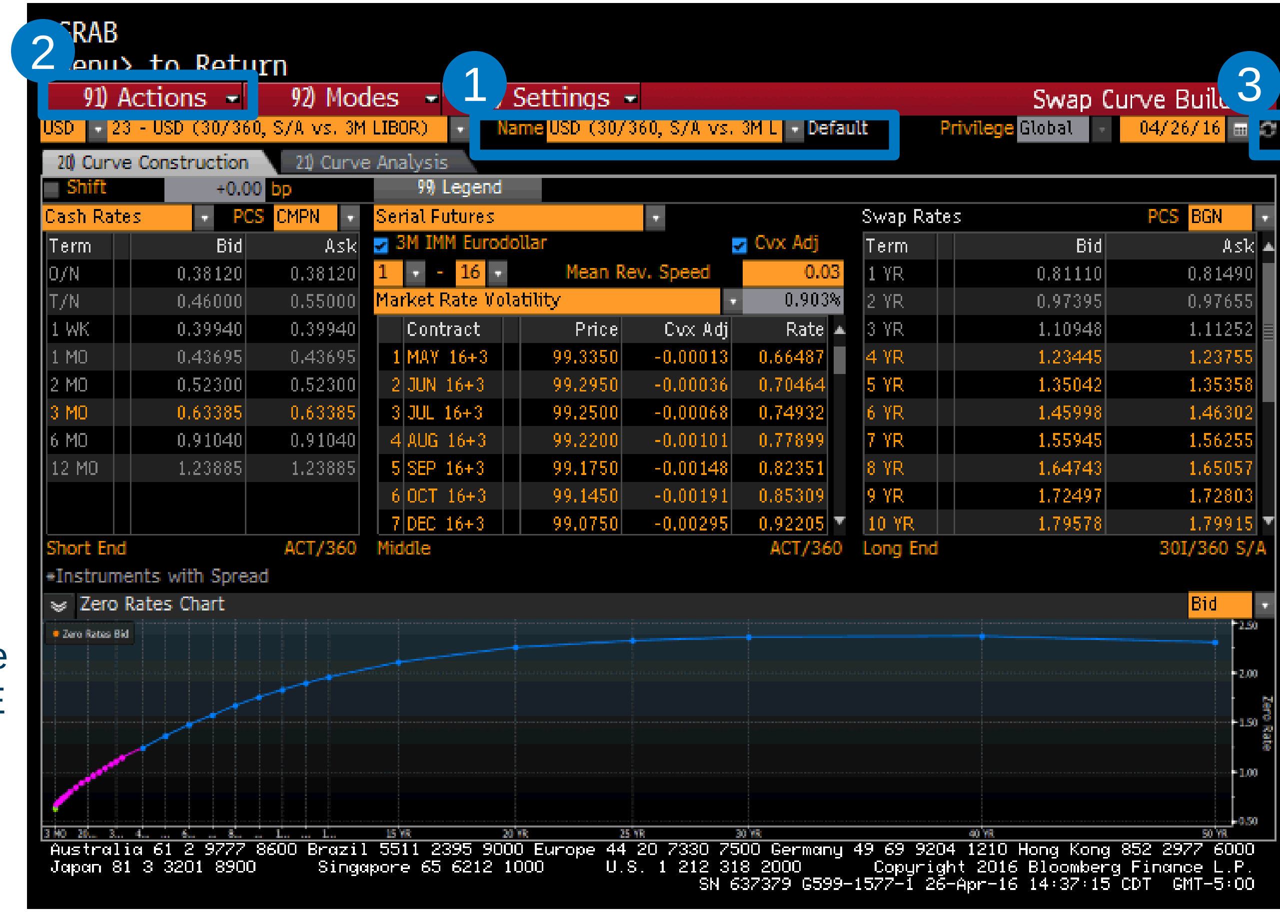
Swap Curve Builder (ICVS)

From the ICVS page, after selecting line 59 (US Dollar Curve number 23), you have the ability to change to a CME curve valuation as the default

1. Select the dropdown next to Name and select USD CME Swap Curve

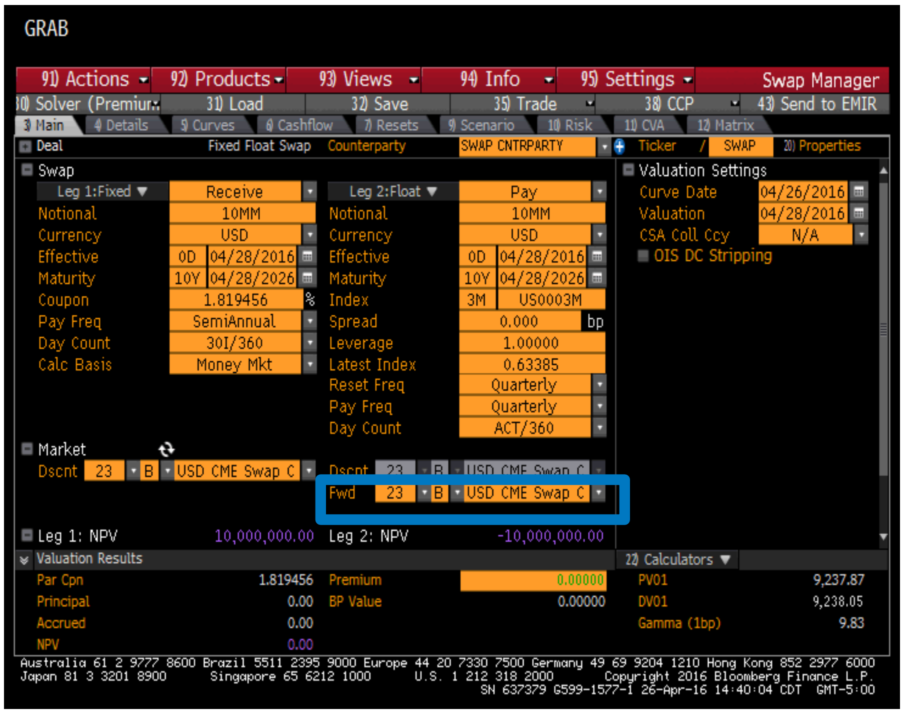
2. Select the dropdown next to Actions and select Set as Default

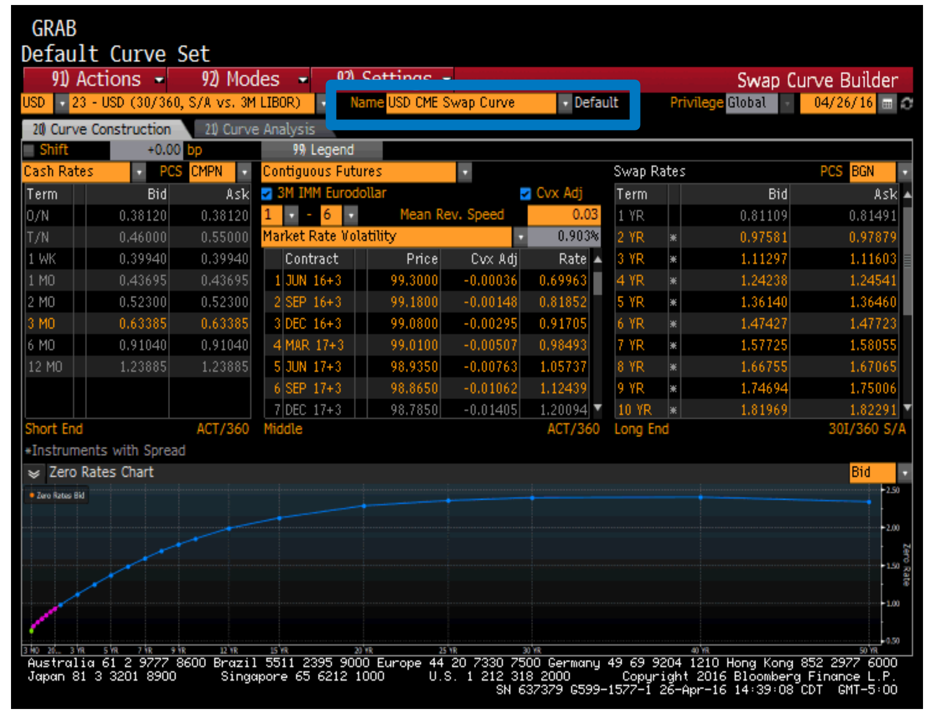
3. Re-calculate to update the output after the USD CME Swap Curve is selected



Swap Manager and Swap Curve Builder Defaults

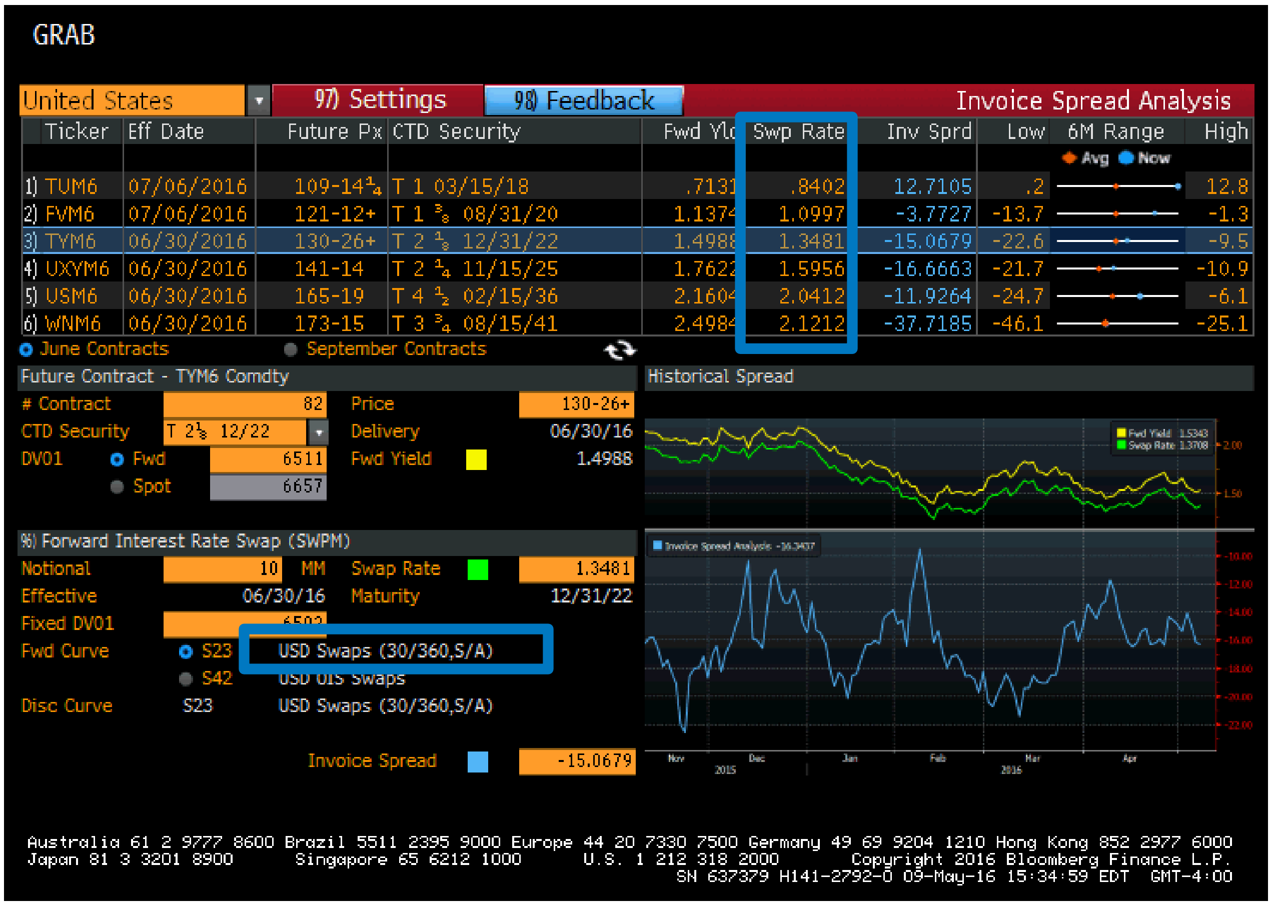
After setting the default curve to USD CME Swap Curve, when opening the Swap Manager (SWPM) and Swap Curve Builder (ICVS) page, USD CME Swap Curve will be populated





Invoice Spread Analysis Default

After setting the default curve to USD CME Swap Curve, when opening the Invoice Spread Analysis (IVSP) page, the swap rates populated will reflect the USD CME Swap Curve even though it doesn't say this in the Forward Interest Rate Swap section



CME Cleared Swaptions Initial Margin Calculations

Swap Manager: Option Valuation(SWPM-OV)

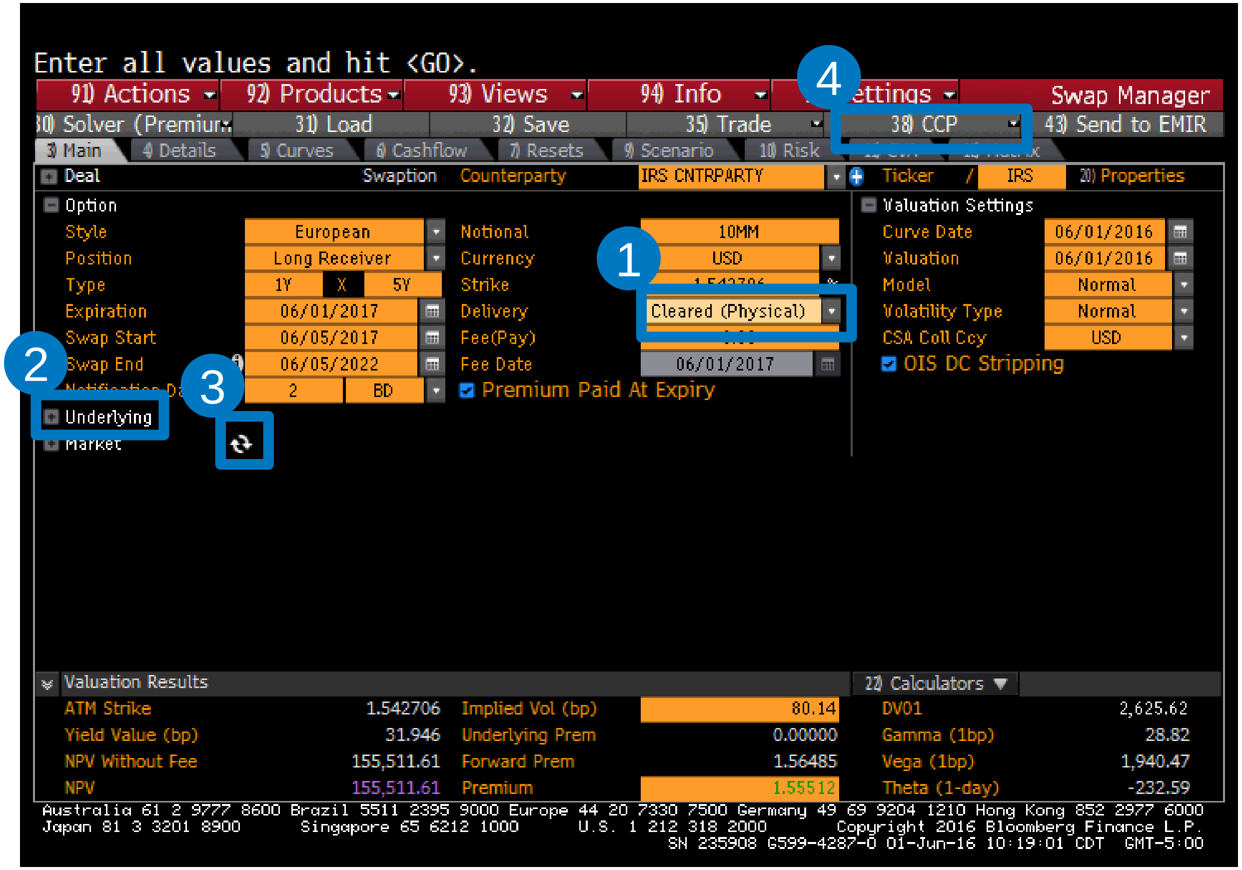
From the SWPM-OV page, you have the ability to calculate margins for CME USD swaptions.

1. Select the dropdown Delivery, and select Cleared (Physical) And Press <GO>

2. Underlying swap economics can be viewed by selecting the “+” next to underlying

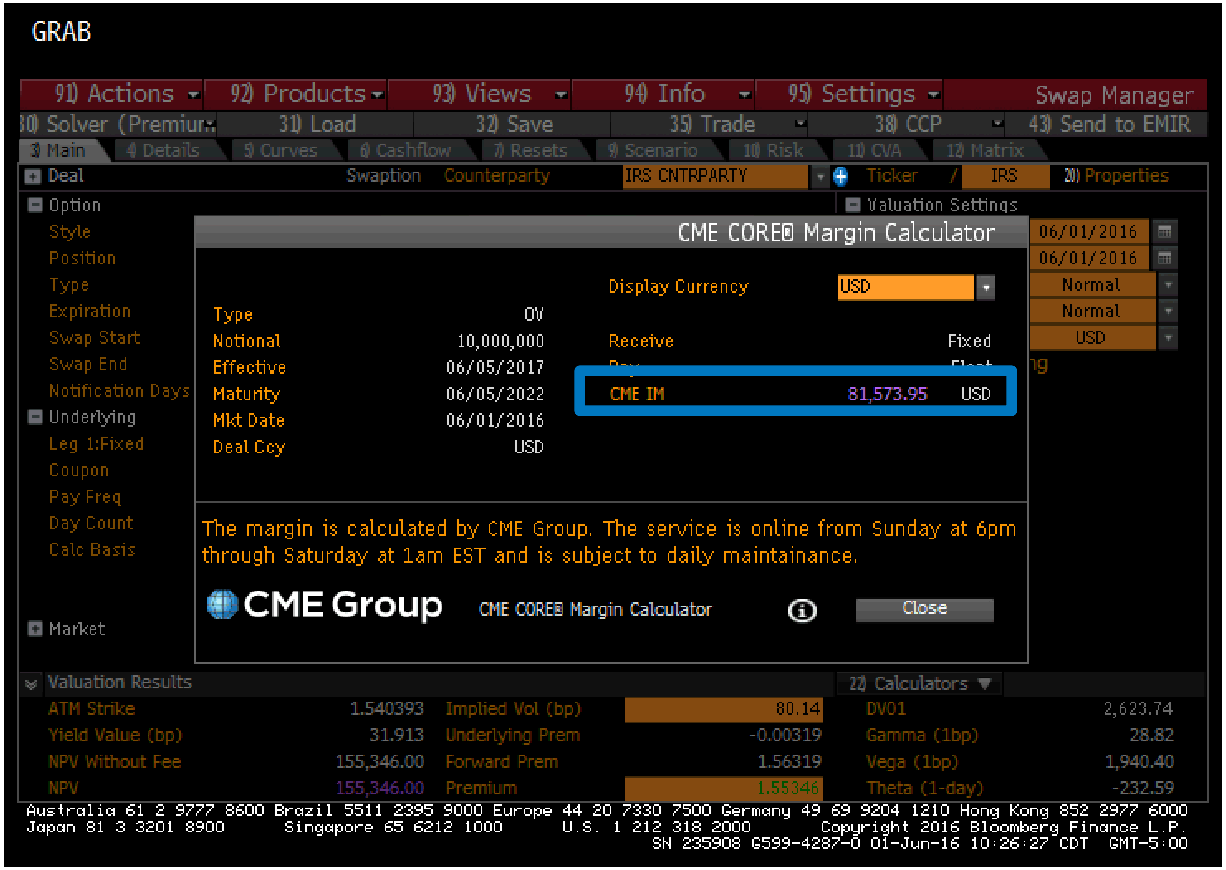
3. To save, press the SAVE TAB: #32 <GO>

4. Select the dropdown CCP #38 <GO> and select CME CORE



CME CORE Margin Calculator

Once CME CORE is selected as a CCP, the below screen will show the CME initial margin amount in USD.



CME CORE Margin Calculator

Users have the option to display initial margin in different currencies by selecting the Display Currency dropdown. The USD and selected currency will be displayed as well as the FX rate used.

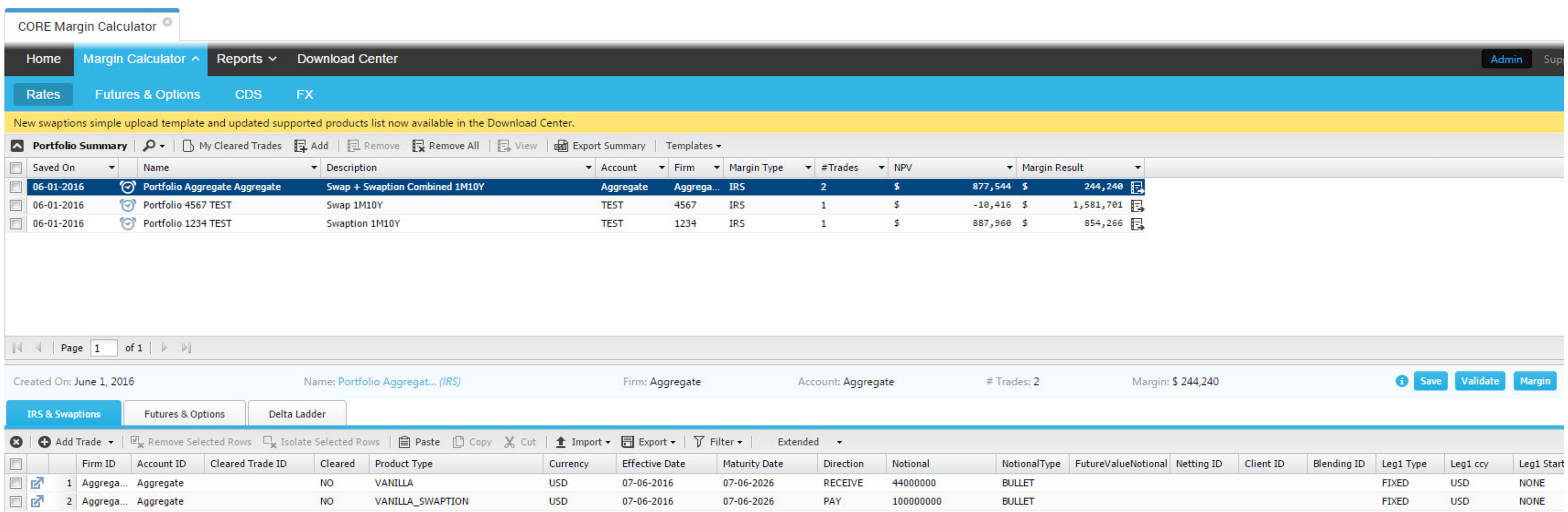
Swaptions Margin Efficiencies

- Calculating margins for multi-trade swaptions portfolios and Portfolio Margining of swaptions and swaps can be performed directly through CME CORE: www.cmegroup.com/core

- Margin offsets of up to 91% are possible when swaptions are margined with cleared interest rate swaps.

    - Swaptions are also available for Portfolio Margining with CME Eurodollar, Treasury, and Deliverable Swap Futures.

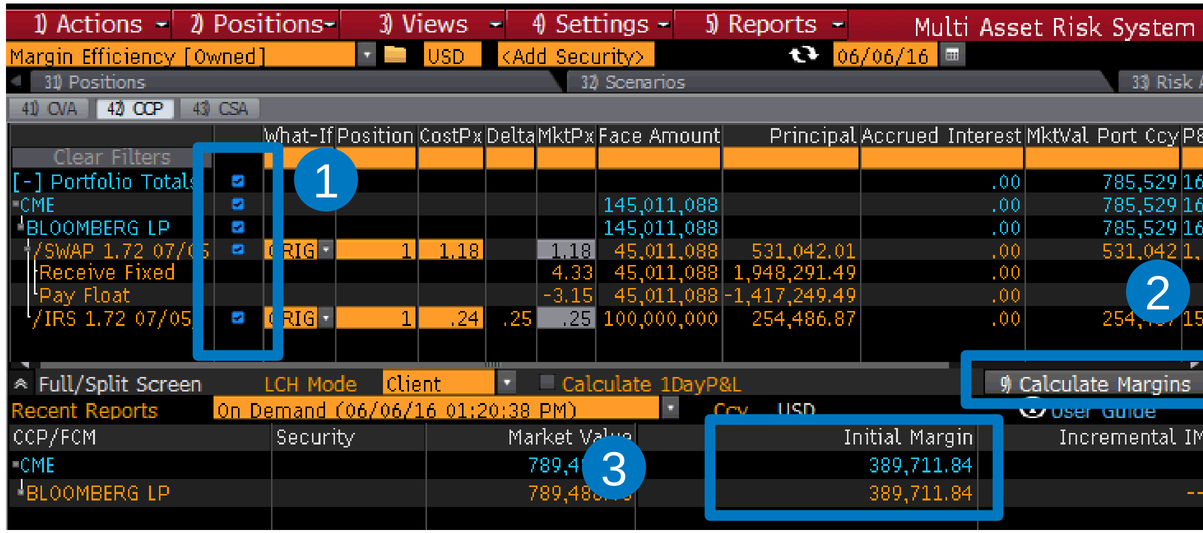
- Swaption margin matrix available in CME CORE that displays indicative margin results for select swaption tenors and the swaps that were used as a delta hedge.



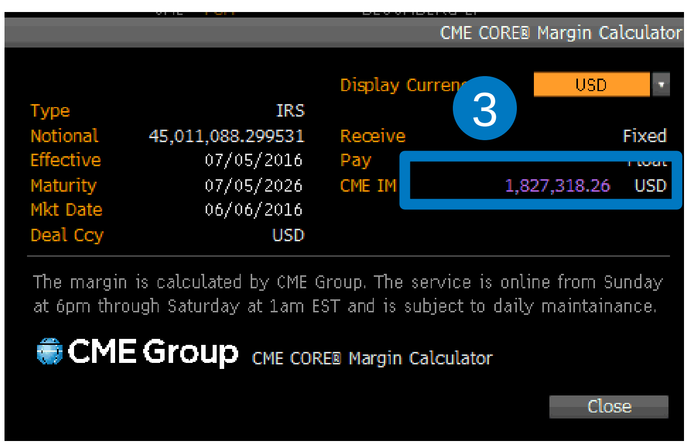
Swaptions Margin Efficiencies in MARS<GO>

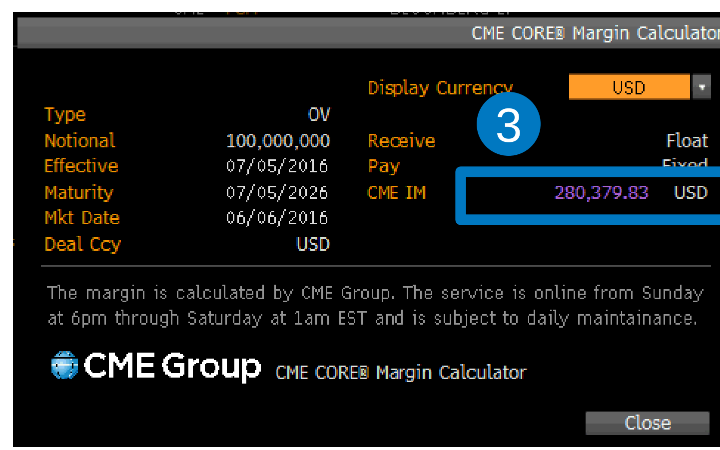
To perform Margin assessment at portfolio level enter MARS CCP<GO>

1. Select the trades to perform portfolio margin analysis
2. Select the 9) Calculate
3. Assess impact of Margin Offsetting deals



Portfolio offset IM = 390K (compared to individual IM values of 1,827K plus 280K)





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