



Corporate Bonds – Acceptable Collateral

Corporate Bonds as Collateral for Cleared Interest Rate Swaps and Futures

Corporate bonds may be pledged as initial margin collateral for cleared OTC IRS and Futures through the Specialized Collateral Program supported by a partnership with Bank of New York Mellon, Brown Brothers Harriman & Co and JPMorgan Chase. Clearing Members are able to post up to \$5 billion in select Category Three assets, which now includes corporate bonds.

Bond Details

- High quality bonds with a minimum A- rating by at least two of the following agencies: Fitch, Moody's, Standard & Poor's
- Domestic and global market issuances
- USD denominated
- Vanilla bonds (Fixed rate bullet, callable, or puttable)
- Over \$300 million in amount outstanding
- TRACE eligible and disseminated
- Banks and CME Clearing Members bonds are not eligible

Program Parameters

- Can post (the lesser of) \$5b or 40% of core requirement
- Haircut (20%)
- Concentration limit of \$200 million per issuer
- Concentration limit of 5% per issue of amount outstanding
- Concentration limit of \$200 million per family, monitored by CME
- Industry diversification at 25% level per industry, after initial \$500 million deposit per firm, monitored by CME

Eligible CUSIP List

CME Clearing publishes a list of eligible CUSIPs at the beginning of each month. See the latest CUSIP list at cmegroup.com/collateral.

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