

Corporate Bonds – Acceptable Collateral

**CORPORATE BONDS CAN BE PLEDGED DIRECTLY
OR VIA A TRI-PARTY CUSTODIAN BANK.**



Clearing Member firms may pledge up to \$2 billion in corporate bonds as initial margin collateral for cleared OTC IRS and Futures. CME accepts corporate bonds directly at DTC or through one of the following tri-party custodian banks: Bank of New York Mellon, Brown Brothers Harriman & Co., or JPMorgan Chase.

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 putable)
- At least \$400 million in amount outstanding
- TRACE eligible and disseminated
- Banks and CME Clearing Members bonds are not eligible
- Last trade date within 10 business days
- Average 30-day volume of at least \$500,000
- Corporate bonds may not exceed 30 years time to maturity

Program Parameters

- 20% haircut
- Concentration limit of \$50 million or 2.5% of amount outstanding per issuance, whichever is less
- Concentration limit of \$200 million per family
- Concentration limit of \$500 million per sector

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.

For additional information, please contact ClearingCollateralServices@cmegroup.com.



CME GROUP HEADQUARTERS

20 South Wacker Drive
Chicago, Illinois 60606
cmegroup.com

CME GROUP GLOBAL OFFICES

Chicago
+1 312 930 1000

Singapore
+65 6593 5555

Houston
+1 713 658 2347

Tokyo
+81 3 3242 6228

New York
+1 212 299 2000

Calgary
+1 403 444 6876

São Paulo
+55 11 2787 6451

Washington D.C.
+1 202 638 3838

London
+44 20 3379 3700

Hong Kong
+852 2582 2200

Seoul
+82 2 6336 6722

Futures trading is not suitable for all investors, and involves the risk of loss. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyles. And only a portion of those funds should be devoted to any one trade because they cannot expect to profit on every trade. All references to options refer to options on futures.

CME Group is a trademark of CME Group Inc. The Globe Logo, CME, Chicago Mercantile Exchange and Globex are trademarks of Chicago Mercantile Exchange Inc. CBOT and the Chicago Board of Trade are trademarks of the Board of Trade of the City of Chicago, Inc. New York Mercantile Exchange and NYMEX are registered trademarks of the New York Mercantile Exchange, Inc.

The information within this brochure has been compiled by CME Group for general purposes only. CME Group assumes no responsibility for any errors or omissions. Although every attempt has been made to ensure the accuracy of the information within this brochure, CME Group assumes no responsibility for any errors or omissions. Additionally, all examples in this brochure are hypothetical situations, used for explanation purposes only, and should not be considered investment advice or the results of actual market experience.

All matters pertaining to rules and specifications herein are made subject to and are superseded by official CME, CBOT and NYMEX rules. Current rules should be consulted in all cases concerning contract specifications.

Swaps trading is not suitable for all investors, involves the risk of loss and should only be undertaken by investors who are ECPs within the meaning of section 1(a)12 of the Commodity Exchange Act. Swaps are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money deposited for a swaps position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyles. And only a portion of those funds should be devoted to any one trade because they cannot expect to profit on every trade.