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
• Bank, financial, and CME Clearing Member issuances 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
• 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 Corporate Bond List
CME Clearing publishes a list of acceptable corporate bonds at the beginning of each month. The list of acceptable corporate bonds is available via CME DataMine.

For additional information, please visit cmegroup.com/collateral or contact creditrisk@cmegroup.com
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.

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.