

 **CME Group** | Advisory Notice

TO: Clearing Member Firms
Chief Financial Officers
Back Office Managers

FROM: CME Clearing

Advisory #: 18-086

SUBJECT: Prefunded Treasury Facility (PTF) Collateral Program

DATE: April 4, 2018

CME Clearing is expanding its collateral acceptance program to include the Prefunded Treasury Facility (PTF) program. The PTF program is a Letter of Credit issued by a bankruptcy-remote trust that is fully collateralized and secured by U.S. Treasury securities that are deposited into a custody account controlled by CME, whereby CME's security interest is perfected by control.

The PTF program will be acceptable to meet performance bond requirements in the House origin for futures and options products in the Base Guaranty Fund. The amount of PTF a clearing member can use to meet House performance bond requirements will be limited to 75% of the clearing member's performance bond requirement on the day of acceptance of the PTF by CME as collateral on deposit.

The performance bond value given to the clearing member will be equal to the market value of the U.S. Treasury securities held in the custody account, less applicable haircut(s). The haircut schedule utilized for U.S. Treasuries in the PTF program will be aligned with the haircuts CME Clearing currently applies to U.S. Treasuries securities, as published on CME's acceptable collateral [website](#).

For collateral acceptance criteria, as well as information regarding limits and haircuts, please see the [Standard Acceptable Collateral and Resources website](#).

For further information, please contact the CME Clearing Credit Risk Management team at CreditRisk@cmegroup.com.