

TO: Clearing Member Firms
Chief Financial Officers
Back Office Managers

FROM: CME Clearing

Advisory #: 19-317

SUBJECT: Collateral Changes - COMEX Gold Warrants and London Gold Bullion

DATE: September 23, 2019

Effective November 4, 2019, CME Clearing (CME) will implement the following changes to its schedule of acceptable performance bond collateral:

- CME will permit clearing members to deposit COMEX gold warrants as collateral to meet Base and IRS performance bond requirements in the House origin.¹ To support this initiative, CME is making enhancements to its Clearing 21 (Banking and Collateral Management) and Deliveries Plus (Deliveries and Inventory Management) systems. These changes will be available for clearing member and depository testing on September 25, 2019.
- CME currently accepts London gold bullion as collateral for Base and IRS performance bond requirements in the House origin with a limit of \$250 million per clearing member (and affiliates). CME will increase this limit to \$750 million per clearing member (and affiliates), which will be inclusive of both London gold bullion and COMEX gold warrants. Additionally, the haircut applied to COMEX gold warrants will be 15%, which is the same haircut applied to London gold bullion.

In addition, clearing members who deposit COMEX gold warrants with CME will be charged the same collateral fees as listed in the [collateral fee schedule](#).

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

For further information related to collateral, please contact CME Credit Risk at CreditRisk@cmegroup.com.

For further information related to processing and testing in Deliveries Plus, please contact Laura Buschnyj at Laura.Buschnyj@cmegroup.com.

For further information related to processing and testing in Clearing 21, please contact Derek Krebs at Derek.Krebs@cmegroup.com.

¹ CME Clearing will not accept Elemetal brand warrants as performance bond collateral. The Exchange suspended registration on 3/31/2017. For more information, see <https://www.cmegroup.com/content/dam/cmegroup/notices/ser/2017/03/SER-7886.pdf>