

TO: Clearing Member Firms; Back Office Managers

FROM: CME Clearing

ADVISORY #: 23-359

DATE: December 5, 2023

SUBJECT: **Important Notice announcing CME/FICC Cross Margining Enhancements Implementation Date of 1/22/24**

CME Group will launch enhancements to the cross-margining arrangement with the Fixed Income Clearing Corporation (“FICC”) effective **Monday, January 22, 2024** (the “Implementation Date”). Please be advised that, beginning on the Implementation Date, the enhanced cross-margining arrangement will be the only cross-margining arrangement available between CME and FICC and the current cross-margining arrangement will be terminated.

Under the enhanced cross-margining arrangements, as is the case for the current arrangement, eligible participants include (i) entities that are clearing members of both CME and the Government Securities Division of FICC (“FICC/GSD”) and (ii) pairs of clearing members where one is a clearing member of CME and an affiliate is a clearing member of FICC/GSD (or vice versa).

Firms participating in the current cross-margining arrangement between CME and FICC are eligible to participate in the enhanced arrangement without interruption by executing the enhanced cross-margining participant agreement (the “New Agreement”) with CME Group and FICC prior to the Implementation Date. The New Agreement will become effective on the Implementation Date and the existing cross-margining agreement will be terminated at that time.

To ensure firms currently participating in the cross-margining arrangement between CME and FICC can continue without interruption beyond the Implementation Date, please follow the steps below:

- Execute the New Agreement via DocuSign (must be signed by a FICC/GSD authorized signer) and complete and return the Secretary’s Certificate via email to CME Group at cmecrossmargin@cmegroup.com.
- FICC and CME Group will countersign the New Agreement via DocuSign and populate the effective date (which will be the Implementation Date).
- A copy of the fully signed New Agreement will be returned via DocuSign.
- Effective on the Implementation Date, all existing agreements will be terminated, and the New Agreement will govern participation in the enhanced cross-margining arrangement going forward.

- The enhancements to the arrangement require operational testing with CME Group. Please contact CME Clearing to complete this testing prior to the Implementation Date. No testing is required with FICC.

Eligible clearing members not currently participating in cross-margining with CME and FICC that are interested in participating in the enhanced program can inquire through their CME Relationship Manager, by calling 312-207-2525 or emailing ccs@cmegroup.com.