



## Memorandum

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### FINANCIAL AND REGULATORY BULLETIN

TO: Chief Executive Officers  
Chief Financial Officers  
Chief Operating Officers  
Chief Compliance Officers #26-01

DATE: April 30, 2026

SUBJECT: CME-FICC Customer Cross-Margin Arrangement

Chicago Mercantile Exchange Inc. (“CME”) and Fixed Income Clearing Corporation (“FICC”) have entered into a cross-margin agreement to provide for the cross-margining of transactions in or involving positions in U.S. Treasury securities and CME Group Inc. (“CME Group”) interest rate futures carried by dually registered Futures Commission Merchants (“FCMs”) and Broker/Dealers (“B/Ds”) that are joint clearing members for customers (referred to as “CME-FICC Customer Cross-Margin Arrangement”)<sup>1</sup>. The CME-FICC Customer-Cross-margin Arrangement will provide customers with capital efficiencies when trading eligible products with offsetting exposures through an FCM-B/D joint clearing member.

### Eligibility Requirements

#### Eligible Products

#### CME Group

#### Interest Rate Futures:

- 2-Year T-Note Futures
- 3-Year T-Note Futures
- 5-Year T-Note Futures
- 10-Year T-Note Futures

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<sup>1</sup> The CME-FICC Customer Cross-Margin Arrangement is a separate and distinct customer cross-margins program. Significantly it has different eligibility requirements, regulatory and reporting requirements, operational provisions and margin calculations than those under CME’s cross-margins program with the Options Clearing Corporation (“OCC”). For further information on the CME-OCC Cross-Margins Program contact CME Clearing.

- U.S. Treasury Bond Futures
- Ultra Ten-Year T-Note Futures
- Ultra U.S. Treasury Bond Futures
- 20-Year U.S. Treasury Bond Futures
- 30-Day Federal Funds Futures
- One-Month SOFR Futures
- Three-Month SOFR Futures

## FICC

Open transactions in or involving U.S. Treasury Securities:

- Transactions to buy or sell U.S. Treasury Notes with greater than 1 year remaining to maturity
- Transactions to buy or sell U.S. Treasury Bonds with greater than 1 year remaining to maturity
- Transactions in repurchase or reverse repurchase agreements (collectively, “Repurchase Agreements”) collateralized by U.S. Treasury Notes and Bonds with greater than 1 year remaining to maturity

Additional eligible products, of both CME Group and FICC, may be added to the program in the future. Please refer to the current agreement, available at [www.dtcc.com/legal/rules-and-procedures.aspx](http://www.dtcc.com/legal/rules-and-procedures.aspx), for a current listing of eligible products.

## Eligible Clearing Members

Eligible clearing members must be dually registered as an FCM and a B/D and a clearing member of both (1) CME and, as applicable, of Chicago Board of Trade Inc. (“CBOT”), for the CME Group products traded, and (2) FICC (referred to as a “Joint CME-FICC clearing member”).

## Eligible Participants

Eligible participants (referred to as “Customers” in this document) under the CME-FICC Customer Cross-Margin Arrangement are customers that meet both (1) the definition of a futures customer under CFTC Regulation 1.3 and (2) are a “Sponsored Member” or “Executing Firm Customer” as defined under FICC’s Government Securities Division (“GSD”) Rules. Under the CFTC and SEC Exemptive Orders<sup>2</sup>, the Joint CME-FICC clearing member shall collect from each of its cross-margining customers, at a minimum, the aggregate amount of initial margin required by each of FICC and CME in respect of the cross-margining customer’s cross-margined positions.

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<sup>2</sup> Refer to CFTC Order Providing Exemptive Relief To Facilitate Cross-Margining of Customer Positions Cleared at Chicago Mercantile Exchange, Inc. and Fixed Income Clearing Corporation, dated April 15, 2026 (published at: <https://www.cftc.gov/sites/default/files/2026/04/2026-07643a.pdf>) and SEC Order Under Section 36 of the Securities Exchange Act of 1934 Granting Conditional Exemptive Relief from Section 15(c)(3) of and Rule 15c3-3 under the Exchange Act for Cross-Margining of Cleared U.S. Treasury Securities and Related Futures, dated April 15, 2026 (published at: <https://www.sec.gov/files/rules/exorders/2026/34-105248.pdf>).

### Eligible Participants (Customer) Documentation

Each Customer participating in the CME-FICC Customer Cross-Margin Arrangement must execute an agreement with its Joint CME-FICC clearing member that contains the minimum required terms (“Customer Required Terms”) as set forth in Exhibit 1 to Appendix C at [https://www.cmegroup.com/content/dam/cmegroup/market-regulation/rule-filings/2025/9/25-410\\_APPA.pdf](https://www.cmegroup.com/content/dam/cmegroup/market-regulation/rule-filings/2025/9/25-410_APPA.pdf). The Customer Required Terms may be contained in a standalone agreement or part of a duly executed larger agreement between the clearing member and the Customer. The agreement containing the Customer Required Terms must be maintained by the Joint CME-FICC clearing member and while there is no requirement to submit the agreement to CME or FICC when executed, it must be provided to CME upon request.

The Customer Required Terms set out the terms between the Customer and Joint CME-FICC clearing member with respect to the Customer’s participation in the CME-FICC Customer Cross-Margin Arrangement. Significantly, the terms set out that all property deposited by the customer to margin, guarantee or secure its cross-margined positions will be held in a futures account as defined in CFTC Regulation 1.3, specifics of which are further discussed below.

### **Regulatory Classification and Protections**

#### Customer Account

Under the CME-FICC Customer Cross-Margin Arrangement, the Customer’s positions in eligible products at CME Group (“Eligible Futures Positions”) and the Customer’s positions in eligible products at FICC (“Eligible Securities Positions”) will be recorded and carried by the Joint CME-FICC clearing member in a commingled futures account and margined based upon the combined risk presented by the positions in Eligible Products. For the avoidance of doubt, only Eligible Securities Positions may be commingled with futures positions. The money, securities and property associated with the combined positions will also be carried in the Customer’s cross-margin futures account at the Joint CME-FICC clearing member. The Customer’s cross-margin futures account will be part of customer segregation under CFTC Regulations 1.20 – 1.30, 1.32 and 1.49. Any margin savings percentage under the CME-FICC Customer Cross-Margin Arrangement, as discussed below, would only apply to the Eligible Futures Positions and Eligible Securities Positions within the segregated cross-margin account.

Such regulatory treatment, that is the Customer’s cross-margin account treated as a futures account under CFTC Regulations, is permitted based on the issuance of the following Exemptive Orders:

1. The CFTC’s Order Providing Exemptive Relief To Facilitate Cross-Margining of Customer Positions Cleared at Chicago Mercantile Exchange, Inc. and Fixed Income Clearing Corporation (“CFTC Order”), dated April 15, 2026 (published at: <https://www.cftc.gov/sites/default/files/2026/04/2026-07643a.pdf>). Specifically, as it relates to the classification of the Customer’s cross-margin account being treated as a futures segregated account, the permission (1) to permit Joint CME-FICC clearing members to hold

in the segregated futures account of a Customer participating in the CME-FICC Customer Cross-margin Arrangement both the Eligible Securities Positions and associated money, securities and property and the segregated futures positions and associated funds of the Customer and (2) to permit FICC to hold money, securities and property associated with Eligible Securities Positions included in the futures segregated account as futures customer segregated funds.

2. The SEC's Order Under Section 36 of the Securities Exchange Act of 1934 Granting Conditional Exemptive Relief from Section 15(c)(3) of and Rule 15c3-3 under the Exchange Act for Cross-Margining of Cleared U.S. Treasury Securities and Related Futures ("SEC Order"), dated April 15, 2026 (published at: <https://www.sec.gov/files/rules/exorders/2026/34-105248.pdf>). Specifically, as it relates to the classification of the Customer's cross-margin account being treated as a futures segregated account, the permission (1) to allow the Customer's Eligible Securities Positions and associated money, securities and property (including any margin at FICC) to be held in a futures segregated account under CFTC Regulations. Therefore, the Customer's Eligible Securities Positions in the cross-margin account and associated money, securities and property (including any margin at FICC) will not receive customer treatment under the Securities Exchange Act of 1934 or the Securities Investor Protection Act of 1970 ("SIPA") or be treated as "customer property" as defined in 11 U.S.C. 741 in the liquidation of a clearing member. Rather, the Customer's Eligible Securities Positions and associated money, securities and property (including any margin at FICC) will receive customer treatment under subchapter IV of chapter 7 of the Bankruptcy Code and Part 190 of the Commission's regulations.

#### Segregation Statement - General

Under the CME-FICC Customer Cross-margin Arrangement, customer cross-margin futures accounts are customer segregated accounts under CFTC Regulations; there is no distinction under such regulations between segregated Customer cross-margin futures accounts and segregated non-cross-margin futures accounts.

Therefore, the Customer Segregation Statement prepared by the Joint CME-FICC clearing member will include both Customer cross-margin segregated futures accounts and all other customer segregated accounts. There is no separate calculation nor CME-FICC Customer Cross-margin Segregation Statement. Further, for clarity, there is no separate Residual Interest Compliance Calculation for cross-margin segregated futures accounts.

As such, a cross-margin segregated futures account under the CME-FICC Customer Cross-margin Arrangement is another customer segregated futures account in the Joint CME-FICC clearing member's books and records.

#### Segregation Statement - Requirements

Except as provided for under CFTC Regulation 1.44, all identically owned accounts of the Customer (their cross-margin segregated futures account and other segregated accounts) should

be combined to determine the payable or receivable from customer that is included on the firm's financial statements, including the balance sheet and segregation statement.

For FICC transactions in or involving U.S. Treasury Securities in the cross-margin segregated futures account, the FICC Funds-Only Settlement ("FOS") components that represent obligations to customers (i.e., coupon adjustment payment, redemption adjustment payment, forward mark adjustment payment, forward mark adjustment payment return, interest adjustment payment, transaction adjustment payment, delivery differential adjustment payment, fail mark adjustment payment, clearance difference amount and miscellaneous customer adjustment payment) must be included in the segregated customer's net liquidating equity and reflected as a payable to or receivable from the customer on the firm's financial statements, including the balance sheet and segregation statement.

For separate account margining of identically owned accounts as provided under CFTC Regulation 1.44, the margin status, including relevant calculations, and reporting of the accounts should be in accordance with CFTC Regulation 1.44.

#### Segregation Statement - Assets

All money, securities and property (including any margin at FICC) to margin, secure or guarantee a segregated futures position must be held by a participating FCM-B/D clearing member in one or more customer segregated account with an acceptable depository. Customer segregated accounts must be properly titled as such and covered by a satisfactory segregated acknowledgement letter. Furthermore, to be included as a segregated asset, the depository (including banks, clearing organizations and carrying brokers) must directly confirm on a daily basis to CME's Financial and Regulatory Surveillance Department the end-of-day balances of all customer segregated assets held.

The CFTC Order permits FICC to be a permissible depository for customer segregated funds and exempts FICC from providing acknowledgement letters set forth in CFTC Regulation 1.20(g)(4). Refer to the CFTC Order for details.

### **Operational Provisions**

#### Separate Position Account

A separate cross-margin position account for each Customer must be established with and provided to CME containing the same Legal Entity Identifier ("LEI") and FCM/BD indicator. As a customer may participate in the CME-FICC Customer Cross-margin Arrangement at more than one Joint CME-FICC clearing member, it is critical that the LEI and FCM/BD are reported accurately to FICC and CME so that the Customer's cross-margin position accounts are margined correctly and receive the margin benefits. For example, a Customer with LEI 123 participating in the CME-FICC Customer Cross-margin Arrangement at Joint CME-FICC Clearing Member A and Joint CME-FICC Clearing Member B will report their cross-margin positions in accounts identified as LEI 123 Clearing Member A and LEI 123 Clearing Member B. For the avoidance of doubt, in the foregoing scenario, positions in LEI 123 Clearing Member A at CME will be compared to LEI

123 Clearing Member A at FICC and, separately, LEI 123 Clearing Member B at CME will be compared to LEI 123 Clearing Member B at FICC. The margin benefits will not be provided across clearing members.

All CME Group interest rate futures positions included in the Customer's cross-margin position account will be included in the CME-FICC cross-margin calculation. As the calculation is based on a longer period of risk, positions included in the cross-margin position account which are not providing offsetting exposures, may not be margined to the customer's greatest benefit even with the percentage reduction (discussed in detail below). For the Customer to recognize the greatest benefit of the CME-FICC Customer Cross-margin Arrangement, only CME Group interest rate futures positions providing offsetting exposures should be included in the cross-margin position account. Specifically, optimization is an actively managed process for eligible CME Group interest rate futures to achieve the greatest capital efficiencies. For clarity, optimization is passively managed for FICC eligible positions in or involving Treasury securities whereby all eligible Treasury security transactions maintained in the cross-margin customer account at FICC will constitute a margin portfolio to be offset with eligible CME Group interest rate futures.

Optimal margin efficiencies may be achieved by using CME's Optimization Service that identifies CME Group interest rate futures (Eligible Futures Positions) that can offset Eligible Securities Positions cleared at FICC. This optimization service determines the movement of CME Group interest rate futures into a cross-margin account that will be applied against Eligible Securities Positions cleared in a cross-margin customer account at FICC for purposes of the cross-margin savings calculations. The CME Optimization Service performs both a savings optimization and offers workflows to enable automation of the futures position transfers between a Customer's cross-margin position account and non-cross-margin position account. Customers and Joint CME-FICC clearing members may utilize other methods to allocate eligible positions.

#### Settlements/Margin at CME and FICC

All settlements associated with open positions, including FICC FOS, and margin collateral associated with Eligible Futures and Securities Positions held in Customer segregated cross-margin accounts shall occur through a customer segregated account under CFTC Regulations. For clarity, customer segregated accounts utilized for non-cross-margin segregated activity at CME may be used for Customer segregated cross-margin activity at CME (as both customer cross-margin and non-cross-margin activity fall under customer segregation requirements per CFTC Regulations 1.20 – 1.30, 1.32 and 1.49). Thus, for example, a Joint CME-FICC clearing member may utilize one customer segregated settlement bank account at CME for all of its segregated futures trading, including its Customer segregated futures cross-margin trading.

An FCM-B/D may settle the delivery obligations on FICC eligible cross-margined positions in or involving Treasury securities within or outside the segregated cross-margin account it maintains for a Customer, provided that if the receipt of delivery of Treasury securities will be paid for directly out of segregated funds, the delivery of the Treasury securities must occur within the segregated account.

## **Margin Provisions**

### Margin - General

As the CME-FICC Customer Cross-Margin Arrangement falls under the customer segregated origin, except as provided for under CFTC Regulation 1.44, the Customer's cross-margin segregated futures accounts must be combined with all other customer segregated accounts of the Customer in determining the Customer's margin status – that is margin equity and margin requirements are combined across all identically owned segregated futures accounts to determine the undermargined amount, required margin calls, funds available for disbursement, undermargined capital charges and the undermargined amount in the residual interest compliance calculation.

For separate account margining of identically owned accounts as provided under CFTC Regulation 1.44, the margin status, including relevant calculations, and reporting of the accounts should be in accordance with CFTC Regulation 1.44.

### Margin Calculations

All Eligible Positions of a Customer are mapped to an LEI – Joint CME-FICC Clearing Member identifier and combined into one portfolio via file exchange between CME and FICC. CME and FICC will independently perform margin calculations on the combined portfolio of each Customer utilizing their respective margin methodologies.

Specifically, CME and FICC will each calculate the difference between the margin that it would require for a Customer's Eligible Positions in the absence of cross-margining and the amount of margin it would require on the combined portfolio of the Customer's CME and FICC Eligible Positions if held in a single account.

CME and FICC then each determine the percentage of margin savings that would be derived by margining the positions as a combined portfolio and then compare their respective margin savings percentage. Incorporating a degree of conservatism, the lower of such margin savings percentage calculated independently is then used by both CME and FICC in determining the Customer's respective CME and FICC required margin. That is, CME and FICC will independently determine the margin savings percentage under their margin methodology and then take the most conservative margin savings percentage of the two and apply it to their respective positions – CME futures and FICC securities.

### Margin Collection – Customer to FCM/BD

The Joint CME-FICC clearing member is required to call each Customer, at a minimum, for the aggregate of the CME and FICC required margin for their combined portfolio held in the Customer's cross-margin account. Acceptable margin deposits to satisfy the Customer's cross-margin requirements are determined by the respective clearing organizations. Refer to acceptable margin collateral in CME Rule 930.C. and GSD rules.

The Joint CME-FICC clearing member is not required to independently calculate the margin requirement of a Customer's cross-margin account. The Joint CME-FICC clearing member may:

- Utilize/import the required margin from CME and FICC respectively; or
- Utilize/import the percentage margin reduction from CME and FICC and apply it to their equity system/internally computed CME and FICC margin requirement.

However, in all cases, the Joint CME-FICC clearing member is required to call the Customer, at a minimum, for the required margin for the Customer's cross-margin account as determined by CME and FICC respectively.

For purposes of issuing margin calls and other regulatory reporting purposes (e.g. residual interest compliance calculations, risk-based margin requirements, etc.), the Joint CME-FICC clearing member must use, at a minimum, the amounts of the final FICC and CME end-of-day ("EOD") margin calculations (i.e. the amount FICC and CME each collect at their respective EOD settlements).

#### Margin Collection – FCM/BD to CME and FICC

CME and FICC, respectively, will each calculate the total margin due (required to be deposited) from each Joint CME-FICC clearing member for all their Customer cross-margin positions, calculated on a customer by customer basis and aggregated.

Acceptable margin deposits to satisfy the Joint CME-FICC clearing member's customer cross-margin requirements at each clearing organization are determined by the respective clearing organization. To meet the CME futures cross-margin requirement, acceptable margin collateral is defined in CME Rule 820. For the FICC securities cross-margin requirement, refer to GSD rules for acceptable margin collateral (cash and certain eligible securities).

CME and FICC will perform these margin calculations, including the percentage margin savings calculations, at both end-of-day and intra-day settlement/collection cycles providing margin efficiencies for CME and FICC Eligible Positions.

#### **Regulatory Net Capital Implications**

The Joint CME-FICC clearing member will reflect the Customer cross-margin account as a futures customer account on their financial statements including balance sheet, net capital computation and segregation statement.

As previously stated, except as provided for under CFTC Regulation 1.44, all identically owned accounts of the Customer (their cross-margin segregated futures account and other segregated accounts) should be combined to determine the payable or receivable from customer that is included on the firm's financial statements, including the balance sheet and segregation statement.

For separate account margining of identically owned accounts as provided under CFTC Regulation 1.44, the margin status, including relevant calculations, and reporting of the accounts should be in accordance with CFTC Regulation 1.44.

#### Receivable from/Payable to Segregated Customers

On the firm's balance sheet, receivables from segregated customers, including cross-margin segregated futures accounts, are recorded as allowable or nonallowable in accordance with CFTC Regulation 1.17.

#### Undermargined Net Capital Charge

A Customer cross-margin segregated futures account may be subject to an undermargined capital charge in accordance with CFTC Regulation 1.17. The Joint CME-FICC clearing member is required to take an undermargined capital charge for futures customer accounts, including cross-margin segregated futures accounts, that are undermargined after Day 3<sup>3</sup>.

The undermargined capital charge is calculated as follows:

- Risk Maintenance Margin Requirement (less)
- Credit Net Liquidating Value (less)
- Margin Collateral in Excess of Amounts to Secure Debit/Deficits (less)
- Current Margin Calls (i.e. Margin Calls less than 3 Business Days Outstanding)

The maximum undermargined capital charge for a futures account is its risk maintenance margin requirement.

#### Risk Based Capital Requirement

Customer cross-margin segregated futures accounts are included in the calculation of the Joint CME-FICC clearing member's risk-based capital requirement under CFTC Regulation 1.17, computed as the sum of 8% of total risk margin requirement for positions of futures customer and noncustomer accounts. For clarity, the risk margin requirement for a Customer cross-margin account is the aggregate of the CME and FICC required margin for the combined portfolio held in the Customer's cross-margin account.

If you have any questions, please contact the Financial and Regulatory Surveillance Department at 312-930-3230 or Clearing Operations at 312-207-2525.

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<sup>3</sup> For purposes of aging margin calls:  
Day 1 – business day account becomes undermargined  
Day 2 – business day margin call is issued  
Day 3 – first business day margin call is outstanding