

CME-FICC Cross Margining for Customers

October 2025

Fixed Income Capital Efficiencies

Background on CME Group's Offerings

With capital efficiencies top of mind for many in today's environment, CME Group has worked diligently over the years to build out a comprehensive suite of cross-margin opportunities in the fixed income space:

Available Today:

- [Portfolio Margining](#) of interest rate swaps versus futures and options: generates over \$8B per day in margin reductions
- [CME-FICC Cross Margining](#) for house accounts of common clearing member firms: generates over \$1B per day in margin reductions

Coming Soon (subject to regulatory approvals):

- Expansion of CME-FICC cross margin program to customers (non-members) - *estimated end 2025/early 2026*
- Expansion of cross-margining to make cash UST and Repos cleared with [CME Securities Clearing](#) eligible against CME cleared interest rate swaps, futures, and options on futures - *estimated 2026*



This document is intended to provide an overview to help customers understand the mechanics of the CME-FICC program

CME-FICC Cross Margin Program


Overview

- CME Group and the DTCC-Fixed Income Clearing Corporation (FICC) have had a longstanding partnership for 20+ years to provide cross-margin benefits to house accounts of common clearing members at both CCPs
- In January 2024, the legacy program's workflows were enhanced, with the goal of unlocking greater savings opportunities for common clearing members
- With the SEC's central clearing mandates looming, there has been significant demand from the marketplace for CME and FICC to expand this program to customers without direct membership
- Pending regulatory approval, ***in late 2025, CME and FICC will be opening access to this program's benefits for customers that hold eligible positions at each CCP with a common clearing member firm***
- CME and FICC have worked in tandem to address [frequently asked questions \(FAQs\)](#) as it relates to this program's expansion

Product Scope and Timelines

CME-FICC Cross Margin Program for Customers

Products eligible for cross-margining:

Product Scope	 CME Group	DTCC - FICC
	Eligible: SOFR Futures (SR1 and SR3), Fed Funds Futures, Treasury Futures: 2Y, 3Y, 5Y, 10Y, Ultra 10Y, 20Y, T-Bond, and Ultra T-Bond Futures	Eligible: Repo Collateral and US Treasury Securities where the time to maturity is greater than 1 year
	Non-eligible: Any products not listed as eligible	Non-eligible: MBS, TIPS, Repo Collateral and US Treasury Securities where time to maturity is less than 1 year

Timelines:

- CME and FICC are working diligently together, as well as with the relevant regulatory bodies (CFTC, SEC, and Federal Reserve), to have this program expansion operationally live by the end of 2025
- The expectation is that firms will be able to begin testing the program and its end-to-end workflows in November 2025

Margin savings considerations:

- The maximum margin reduction percentage that can be produced via this program is capped at 80% (per regulatory guidance); this reduction is applied only to the positions that are allocated to the CME-FICC cross margin account (see ensuing slides)
- Program includes a “do-no-harm” check, providing certainty that a customer’s IM requirement cannot be worse off by participating in cross-margining

Legal Documentation

CME-FICC Cross Margin Program for Customers

- **Eligibility:**
 - Clearing Member needs to be a Broker-Dealer/FCM with membership at both CME and FICC
 - Individual accounts must be mapped 1:1 with a common Legal Entity Identifier (LEI)
- **Clearing Member Agreement:** Clearing Member will need to execute a tri-party legal agreement between CME, FICC, and themselves. Please see Appendix C of this [CFTC Filing](#) (pg 42)
- **Customer Terms:** Customer and Clearing Member will need to agree to certain terms between themselves. Those terms will be specified in an exhibit to the Cross-Margining Agreement. CME and FICC will not be parties to such agreement, but may request a copy

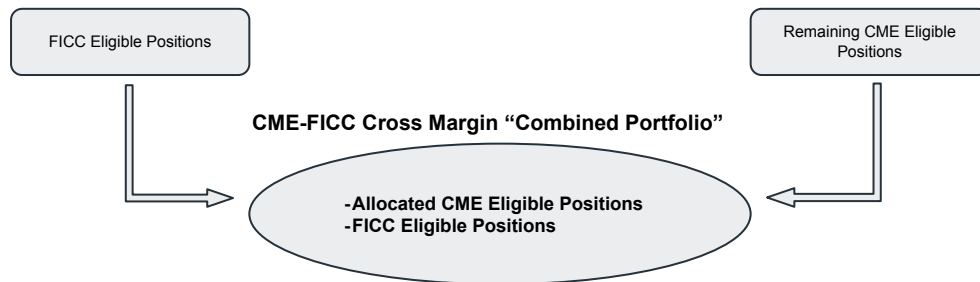
Program Mechanics

CME-FICC Cross Margin Program for Customers

DTCC

 **CME Group**

1. DTCC-FICC will split the customer portfolio into eligible and ineligible positions
2. Following this split, all eligible positions are shared to CME and can then be allocated towards the CME-FICC cross margin calculations:
3. The default setting in CME's hosted optimizer platform will run Portfolio Margining first for users active in that program, which transfers select F&O positions to the OTC IRS Portfolio Margin account
4. Remaining interest rate futures positions not utilized in Portfolio Margining can then be allocated to the CME-FICC program based on the risk profile of eligible cash positions



Program Mechanics - Continued

CME-FICC Cross Margin Program for Customers

- Based on the combined portfolio of positions, CME and FICC will both independently calculate an available margin reduction percentage
- By applying the more conservative margin reduction percentage to the combined portfolio of positions, an updated IM requirement for the FICC eligible and CME allocated positions will be calculated
- Provided the program's "do-no-harm" check is not triggered, these reduced requirements will then be what is called for at each CCP

Example:

Pre-Cross Margining (XM) Requirements:

Allocated CME Position IM	100M
FICC Eligible Position IM	150M
Total IM Requirement (Pre-XM)	250M

Combined Portfolio Calculations by each CCP:

CME Combined IM: 98M **FICC** Combined IM: 100M

Margin Reduction Calculation:

CME: 60.80% (calculated as $[250M - 98M] / 250M$)

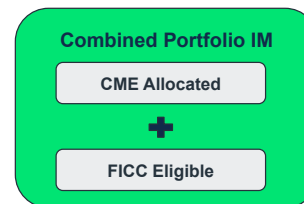
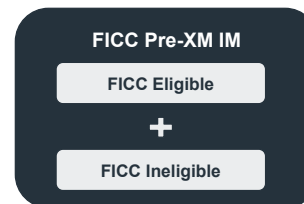
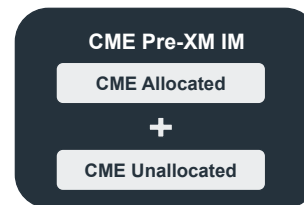
FICC: 60.00% (calculated as $[250M - 100M] / 250M$)

Post-Cross Margining (XM) Requirements:

Allocated CME Position IM	40M
FICC Eligible Position IM	60M
Total IM Requirement (Post-XM)	100M

Program Terminology in Ensuing Examples

- **CME Pre-XM IM** = IM requirement of CME Allocated + CME Unallocated positions prior to cross-margining (inclusive of any offsets as calculated under the CME margin methodology)
- **FICC Pre-XM IM** = IM requirement of FICC Eligible + FICC Ineligible positions prior to cross-margining (inclusive of any offsets as calculated under the FICC margin methodology)
- **Combined Portfolio IM** = IM requirement of CME Allocated + FICC Eligible positions with cross-margining benefits applied



Margin reductions are applied only to these positions

Hypothetical Example 1

Customer portfolio contains DV01 neutral cash-futures basis positions at 2Y, 5Y, and 10Y tenors

Assumptions: customer is not participating in CME Portfolio Margining and is also not holding any ineligible positions at FICC. CME and FICC both calculate margin reduction in excess of 80% on the combined portfolio, resulting in a 80% reduction towards the allocated positions at each CCP:

Delta Ladder Maturity Bucket	CME Allocated Futures DV01*	CME Unallocated Futures DV01*	Eligible FICC DV01**	Ineligible FICC DV01**
0-1 Year	-	-	-	-
1-5 Years	2,000,000	-	-2,000,000	-
5-10 Years	5,000,000	-	-5,000,000	-
10-20 Years	-	-	-	-
20+ Years	10,000,000	-	-10,000,000	-

CME Allocated IM:	\$425,050,000
CME Unallocated IM:	-
CME Pre-XM IM:	\$425,050,000

FICC Eligible IM:	\$536,450,000
FICC Ineligible IM:	-
FICC Pre-XM IM:	\$536,450,000

Pre-XM IM Requirements	CME Pre-XM IM	\$425,050,000
	FICC Pre-XM IM	\$536,450,000
	Total Pre-XM IM	\$961,500,000

Post-XM IM Requirements (assumes all positions are allocated to program)	Combined Portfolio IM	\$214,580,000
	CME Unallocated IM	-
	FICC Ineligible IM	-
	Total Post-XM IM	\$214,580,000

Post-XM Dollar Savings	Total Pre-XM IM	\$961,500,000
	Total Post-XM IM	\$214,580,000
	Total IM Savings***	\$746,920,000

Hypothetical Example 2

Customer portfolio is short at CME and has partially offsetting risk in eligible/ineligible products at FICC

Assumptions: based on the FICC eligible positions, CME allocates a portion of the short futures risk to the XM program. CME and FICC both calculate margin reduction in excess of 80% on the combined portfolio, resulting in a 80% reduction towards the allocated positions at each CCP:

Delta Ladder Maturity Bucket	CME Allocated Futures DV01*	CME Unallocated Futures DV01*	Eligible FICC DV01**	Ineligible FICC DV01**
0-1 Year	-	-	-	-
1-5 Years	-2,000,000	-1,000,000	2,000,000	-1,000,000
5-10 Years	-	-	-	-
10-20 Years	-2,000,000	-1,000,000	2,000,000	-1,000,000
20+ Years	-	-	-	-

CME Allocated IM:	\$100,760,000
CME Unallocated IM:	\$50,380,000
CME Pre-XM IM:	\$151,140,000

FICC Eligible IM:	\$123,060,000
FICC Ineligible IM:	\$61,530,000
FICC Pre-XM IM:	\$86,142,000

Pre-XM IM Requirements	CME Pre-XM IM	\$151,140,000
	FICC Pre-XM IM	\$86,142,000
	Total Pre-XM IM	\$237,282,000

Post-XM IM Requirements (assumes CME allocates 2M of short risk in each maturity bucket to the XM program)	Combined Portfolio IM	\$49,224,000
	CME Unallocated IM	\$50,380,000
	FICC Ineligible IM	\$61,530,000
	Total Post-XM IM	\$161,134,000

Post-XM Dollar Savings	Total Pre-XM IM	\$237,282,000
	Total Post-XM IM	\$161,134,000
	Total IM Savings***	\$76,148,000

Hypothetical Example 3: do-no-harm check

Customer portfolio is long at CME and holds offsetting risk across eligible/ineligible products at FICC

Given this portfolio does not result in IM savings, no positions are allocated to the CME-FICC cross-margin program. **Note, this example is for illustrative purposes only – in practice, the do-no-harm check would prevent the CME positions from being allocated to the cross-margin account**

Delta Ladder Maturity Bucket	CME Allocated Futures DV01*	CME Unallocated Futures DV01*	Eligible FICC DV01**	Ineligible FICC DV01**
0-1 Year	-	-	-	-
1-5 Years	3,000,000	-	-4,000,000	4,000,000
5-10 Years	-	-	-	-
10-20 Years	3,000,000	-	-4,000,000	4,000,000
20+ Years	-	-	-	-

CME Allocated IM:	\$151,140,000
CME Unallocated IM:	-
CME Pre-XM IM:	\$151,140,000

FICC Eligible IM:	\$246,120,000
FICC Ineligible IM:	\$246,120,000
FICC Pre-XM IM:	\$98,448,000

Pre-XM IM Requirements	CME Pre-XM IM	\$151,140,000
	FICC Pre-XM IM	\$98,448,000
	Total Pre-XM IM	\$249,588,000

Post-XM IM Requirements (assumes CME tries to allocate 3M of long risk in each maturity bucket to the XM program)	Combined Portfolio IM	\$135,366,000
	CME Unallocated IM	-
	FICC Ineligible IM	\$246,120,000
	Total Post-XM IM	\$381,486,000

Post-XM Dollar Savings	Total Pre-XM IM	\$249,588,000
	Total Post-XM IM	\$381,486,000
	Total IM Savings***	-\$131,898,000

Testing Recommendations

In late September 2025, the following steps can be taken to estimate the total dollar savings available through the CME-FICC program:

1. Customers will have the ability to obtain their FICC eligible and ineligible positions, as well as the following outputs from the FICC margin calculator:
 - FICC Eligible IM
 - FICC Ineligible IM
 - FICC Pre-XM IM
2. Customers will then need to estimate which CME Futures should be allocated to the CME-FICC program
3. Once the above steps are complete, customers can use the CME Margin API to determine the following values*:
 - CME Allocated IM
 - CME Unallocated IM
 - CME Pre-XM IM
 - Combined Portfolio IM
4. Once the above information has been obtained, customers will be able to estimate the total dollar savings available via the CME-FICC program as demonstrated in the previous examples (slides 8-10)

*Note, customers looking for the most accurate savings estimates may input their combined portfolio into the FICC margin calculator during step #3 to obtain the more prudent IM requirement for the combined portfolio

Contact Information

For any questions or inquiries related to the CME-FICC cross-margin program for customers, please feel free to contact a member of the team at CME Group by reaching out to CMEFICCCrossMargin@cmegroup.com

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