

CME-FICC Cross Margining for Customers

Clearing Member Firms: Customer Onboarding and Workflow Guide

2026

Background

- CME Group and the DTCC-Fixed Income Clearing Corporation (FICC) have had a longstanding arrangement for 20+ years to provide cross-margin benefits to house accounts of common and affiliated clearing members at both CCPs
- Subject to regulatory approval, CME Group and DTCC-FICC will be amending the Cross-Margining Agreement to expand availability of cross-margin benefits to positions cleared and carried for customers of dually registered Broker Dealer FCMs that are common clearing members at both clearinghouses in 2Q 2026
- CME and FICC have worked in tandem to address [frequently asked questions \(FAQs\)](#) as they relate to this program's expansion
- The purpose of this document is to provide a step-by-step outline for eligible clearing member firms to support customers that would like to utilize this cross margin program, including the following items:
 - Legal requirements
 - Account setups
 - Program workflows; and
 - Examples and Resources

Legal Requirements

- **Clearing Member Agreement:** Clearing members will need to enter into a participant agreement with CME and FICC
 - A draft version of this agreement can be reviewed in [Appendix C here](#); please note, this is still subject to regulatory approval
- **Customer Terms:** Clearing members and their customers will agree to certain terms between themselves
 - CME and FICC will not be parties to such agreement, but the terms are required to include those set out in [Exhibit I to Appendix C here](#) (as mentioned above, these terms are still subject to regulatory approval)
 - Note that the the Cross-Margining Agreement will define “Customer” as an indirect clearing participant that meets the definition of futures customer set out in CFTC Regulation 1.3 and is a “Sponsored Member” or “Executing Firm Customer” as defined under GSD Rules

Account Setup and Regulatory Reporting Considerations

- **FICC:** Clearing members will need to set up a new segregated account to hold XM customer margin at FICC in order to participate in the end-customer cross-margin program
 - CME and FICC have filed for an exemption with the CFTC to permit eligible BD-FCMs to deposit at FICC and permit FICC to hold customer funds and margin associated with eligible futures positions (see slide 5 for additional detail)
 - These accounts are restricted to only hold FICC products that are eligible for the cross-margin program
 - **Eligible:** US Treasury Securities (including those held as repo collateral) with a time to maturity of greater than 1Y
 - **Ineligible:** MBS, TIPS, and US Treasury Securities that are less than 1Y from maturity
- **CME:** Clearing members (as FCMs) will also need to set up a new cross-margin account at CME for their customers participating in the program, independent of their existing main omnibus accounts for clearing trades for their futures customers
 - Akin to Portfolio Margining of CME cleared swaps versus futures, clearing member firms may opt to set up “bridge” or “contra” accounts as well to help facilitate client reconciliations
- **Legal Entity Identifier (LEI):** Customer LEIs must match on both the CME and FICC accounts in order to be mapped for the purposes of cross margining
 - CME will source LEI information from the CGMI file
- **Regulatory Reporting**
 - CME and FICC XM customer transactions should be accounted for and compliant with CFTC segregation regulations, including reporting such XM positions and deposits within the Segregation Statement

CFTC Exemptive Relief

In December 2025, the CFTC proposed [exemptive relief](#) for CME and FICC to make the existing cross-margin arrangement available to certain customers with appropriate safeguards:

“The Commission, pursuant to its authority under section 4(c) of the CEA, 7 U.S.C. 6(c), and subject to the conditions below, hereby grants (A) a limited exemption to Commission Regulations 1.20 and 1.49 to permit dually-registered BD-FCMs that are clearing members at both CME and FICC to deposit at FICC, and to permit FICC to hold, customer funds and margin associated with customer cross margining, and to permit CME to treat FICC as a permissible location to hold the foregoing; and (B) a limited exemption to section 4d(a)(2) of the CEA and Commission regulations thereunder to permit eligible BD-FCMs to hold, in a futures account, eligible securities positions and associated money, securities, and property of eligible customers, together with the futures positions and futures customer funds held by the eligible BD-FCM.”

Cross Margin Workflows

1. FICC sends customer positions to CME:

- **Customers and their clearing firm** will be responsible for directing eligible positions into the new FICC XM account
- **FICC** will send CME the eligible customer positions held in the FICC XM account. These positions will be fed directly into CME's hosted optimizer for cross margining in the production environment:
 - This file will automatically be sent to CME from FICC on an hourly basis and will be published to clearing member SFTP folders
 - For the avoidance of doubt, clearing members are not responsible for sending any FICC position data to CME

2. CME runs its optimization process with actions required from the clearing member:

- **Clearing member firms** will feed a futures position file into CME's hosted optimizer based on the positions held in the customer's "main omnibus" account. The format of this file will be akin to that used for swaps-futures Portfolio Margining. If applicable, this position file will be input following the swaps-futures optimization process
- **The hosted optimizer** will recommend a series of futures position transfers to be approved by the clearing member firm in order to achieve the most optimal margin requirement for the customer
- **The clearing member firm** will approve the recommended transfers, triggering the transfer of futures positions from the CME main omnibus account into the CME XM designated account
- **CME** will disclose to FICC the futures positions held in the CME XM account

3. CME and FICC calculate and call for updated margin requirements:

- Both CCPs will independently calculate the margin requirement on the combined portfolio, inclusive of the positions residing in the FICC XM and CME XM accounts
- The more conservative (higher) margin requirement as calculated by CME or FICC is what the customer will ultimately be called for on their positions in the XM accounts (see example slides 7 and 8)
- **Margin reporting** will be available at both CCPs after each clearing cycle, showing the corresponding requirement of the respective XM account (see slide 9 for details)
- XM performance bond accounts (PBA) at each CCP will have a margin requirement that is separate from the customer's main omnibus PBA

Please note, the above process is explained from a conceptual standpoint. For technical specifications related to the CME-FICC optimization process, please see the information [available here](#)

Savings Example

Customer portfolio contains cash-futures basis positions at 2Y and 5Y tenors, with some excess risk at CME in 5Y tenor

Assumptions and Considerations: CME Optimizer recommends equivalent DV01 worth of futures risk to be transferred to CME XM account. When the margin requirement on the combined portfolio is calculated, the CME XM positions are margined under a 3D MPOR. The non-XM CME positions remain margined under a 1D MPOR:

Delta Ladder Maturity Bucket	CME Main Omnibus DV01	CME XM Account DV01	FICC XM Account DV01
0-1 Year	-	-	-
1-5 Years	-	2,000,000	-2,000,000
5-10 Years	1,000,000	4,000,000	-4,000,000
10-20 Years	-	-	-
20+ Years	-	-	-

CME IM prior to transfers (Pre-XM)	
CME Main Omnibus Account IM (1D MPOR):	\$175,650,000
CME XM Account IM (1D MPOR):	-
CME Total IM:	\$175,650,000

CME IM with transfers (Pre-XM)	
CME Main Omnibus Account IM (1D MPOR):	\$23,810,000
CME XM Account IM (3D MPOR):	\$174,000,000
CME Total IM:	\$197,810,000

FICC XM Account IM (Pre-XM)	
FICC Total IM:	\$169,240,000

Pre-XM: IM Totals with Original MPORs	CME Pre-XM IM (1D MPOR)	\$175,650,000
	FICC Pre-XM IM (3D MPOR)	\$169,240,000
	Total Pre-XM IM (Original MPORs)	\$344,890,000

Post-XM: True Dollar Savings	Total Pre-XM IM	\$344,890,000
	CME XM Account IM w/ 80% savings	\$34,800,000
	FICC XM Account IM w/ 80% savings	\$33,848,000
	CME Main Omnibus IM	\$23,810,000
	Total Post-XM IM	\$92,458,000
	Total IM Savings	\$252,432,000

Savings Calculation Example

Based on the example from the previous slide, the below is designed to help demonstrate how the reduced margin calls at each CCP are determined:

Given the initial distribution of risk in each XM account, CME and FICC would both call for updated (reduced) margin requirements based on the more conservative savings percentage being applied. CME would also call for the additional IM required on the risk that remains in the customer's main omnibus account (not shown on this slide):

Pre-XM Combined Portfolio IM Requirements:

CME XM Account IM (3D MPOR)	174.00M
FICC XM Account IM	169.24M
Total IM Requirement	343.24M

Combined Portfolio Calculations by each CCP:

CME Combined IM: 65.000M FICC Combined IM: 68.648M

Margin Reduction Calculation:

CME: 81.1% (calculated as $[343.24M - 65M] / 343.24M$)

FICC: 80.0% (calculated as $[343.24M - 68.648M] / 343.24M$)

Post-Cross Margining IM Requirements:

CME XM Account IM	34.800M
FICC XM Account IM	33.848M
Total IM Requirement	68.648M

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 XM accounts

CME Margin Reporting

- CME will calculate and report the initial margin (IM) that's called for on the CME XM account
- This **CME-FICC XM Margin Savings Report** will be dropped daily to FCM SFTP folders at approximately 1:30p (ITD) and 11:30p ET (EOD)
- Complete and updated specifications for this report will become [available here](#)
- Below is a summary of the key fields that CME will make available:

BusDate	Business date of report stated as mm/dd/yyyy
Cust_Acct	Customer account ID
LEI	Customer account LEI
PBA_XM	Cross-margin (XM) performance bond account ID
PBA_Main	Main omnibus performance bond account ID
Risk_CME_Allocated	IM requirement of futures positions in the CME XM account prior to cross margining
Savings_Pct_Applied	Savings percentage applied to the IM requirement of the futures positions in the CME XM account (more conservative percentage as calculated by CME or FICC)
Risk_CME_Allocated_w_Savings	IM requirement of futures positions in the CME XM account with cross-margining applied
Risk_CME_Final	Total IM requirement of futures positions in the Main Omnibus and CME XM accounts (accounting for cross margin savings in the CME XM account)
Savings_CME_Final	IM savings achieved and applied to the futures positions in the CME XM account, stated in dollars

CME Portfolio Savings Analysis - Resources & Timelines

- **Available Today:** customers have the ability to input CME and FICC positions to the CME CORE margin API to observe the hypothetical savings available for the provided portfolio:
 - This requires the user to manually identify which CME positions would be transferred to the XM account for the purposes of cross-margining (“optimization” functionality not yet available)
 - While this would only show the CME side of the combined portfolio calculation, it is a reasonable indication of the potential savings available
 - Customers have the ability to run this same exercise on the FICC margin calculator to review both CCPs’ calculations on the portfolio
- **Coming Soon:** In late Q1-2026, the CME CORE margin API will be enhanced to include optimization functionality
 - This will automatically identify the optimal futures positions that would be recommended to transfer to the CME XM account
 - Note, once the optimal futures positions have been identified, users will still be required to input the combined portfolio into the FICC margin calculator if they would like a view into both CCP’s calculations
 - CME is also planning to make this CME CORE functionality available from the user interface in the future (timing TBD)

Please reach out to posttradeservices@cme.com for testing-related assistance

Clearing Firm Functional Testing - Resources & Timelines

- **Available Today:** integrate with and perform functional testing of the Margin API CME-FICC program optimization workflow in CME's user testing (UT) environment:
 - Testable portfolios include CME Futures vs. FICC, and CME IRS vs. Futures/Options vs. FICC
 - UT environment has ability to be loaded with dummy accounts and positions
 - **Expected use case:** technology teams integrating with CME's Margin API service
- **Coming Soon:** ability to perform margin savings validations by testing the Margin API CME-FICC program optimization workflow in the production environment (as outlined on slide 10):
 - Testable portfolios include CME Futures vs. FICC, and CME Swaps vs. Futures/Options vs. FICC
 - Contains production accounts and portfolios, and is intended for savings figure validations. Configurations prevent users from submitting transfers in real time
 - **Expected use case:** business teams reviewing expected margin savings for underlying portfolio
 - ETA: later in Q1-2026
- **Late Q1 2026 and beyond:** Following and subject to regulatory approval, go-live in production with end-to-end cross-margin workflows to begin applying portfolio-level savings

Please reach out to posttradeservices@cme.com for testing-related assistance

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@cme.com

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