

 **CME Group** | Advisory Notice

# 17-174

TO: Clearing Member Firms  
Chief Financial Officers  
Back Office Managers

FROM: CME Clearing

SUBJECT: May 2017 Eligible ETFs and Stocks

DATE: May 8, 2017

CME Clearing accepts a select number of shares of ETFs and stocks for customer and house segregated performance bond collateral for Base Guaranty Fund products. ETFs and stocks are each capped at \$500 million per clearing member firm. Please refer to the [Standard Acceptable Collateral and Resources website](#) for further details regarding acceptable collateral, haircuts, and limits.

For ETF and stock acceptance criteria and a list of eligible ETFs and stocks, please see the [Standard Acceptable Collateral and Resources website](#). CME Clearing utilizes a tiering methodology based on average daily volume to determine the number of eligible shares per clearing member firm.

| <b>Tiering</b> | <b>Average daily<br/>volume over last 30<br/>days</b> | <b>Eligible<br/>shares per<br/>CMF</b> |
|----------------|-------------------------------------------------------|----------------------------------------|
| Tier 1         | Greater than<br>10,000,000                            | 1,000,000                              |
| Tier 2         | 5,000,001 -<br>10,000,000                             | 500,000                                |
| Tier 3         | 2,500,001 - 5,000,000                                 | 250,000                                |
| Tier 4         | 1,000,001 - 2,500,000                                 | 100,000                                |
| Tier 5         | 500,000 - 1,000,000                                   | 50,000                                 |
| Not eligible   | Less than 500,000                                     | None                                   |

CME Clearing utilizes the Depository Trust & Clearing Corporation (DTCC) as the custodian for the ETF and Stock Programs. In order to participate in the programs, clearing members must have an account at DTCC. For those firms familiar with the DTCC system, the CME's account has "Repo" status.

Clearing members with an account at DTCC can originate free pledges of securities to the CME account or request the release of pledged securities from the account at the

CME. CME staff has direct access to DTCC's system to view clearing member pledges and approve release requests. Release transactions are not finalized until CME has approved the transactions. Clearing members have the opportunity to pledge securities in the morning to facilitate the release of a.m. cash calls at the intra-day performance bond cycle, or to request the release of pledged securities. The deadline for morning transactions is 10:30 a.m. CST. Clearing members have an additional opportunity to pledge securities in anticipation of increases in their overnight performance bond requirements until approximately 1:30 p.m. CST.

If you need further information about the ETF and Stock Programs, please contact the Financial Unit at (312) 207-2594.