

TO: Clearing Member Firms  
Chief Financial Officers  
Back Office Managers

FROM: CME Clearing

Advisory #: 18-305

SUBJECT: U.S. Government Agencies – SOFR-based Floating Rate Notes

DATE: July 27, 2018

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In response to customer inquiries, CME Clearing confirms that its existing collateral policy includes acceptance of floating rate U.S. government agencies for performance bond requirements, including floating rate notes anchored to the Secured Overnight Financing Rate ("SOFR").

The recently announced Fannie Mae SOFR-based floating rate notes conform to CME's existing criteria applicable to all U.S. government agencies, listed below for convenience.

- The permissible issuers of such debt include Fannie Mae, Federal Home Loan Bank, Freddie Mac and Federal Farm Credit Bank.
- For coupon-bearing instruments (fixed-rate and floating-rate), the issue size per CUSIP must be equal to or greater than \$1 billion.

In addition, please see the existing haircut schedule utilized for U.S. government agencies:

Asset Class	Time to Maturity				
	0 to ≤1 years	>1 to ≤3 years	>3 to ≤5 years	>5 to ≤10 years	>10 to ≤30 years
Discount Notes and Bills:	3.5%	--	--	--	--
Coupon Bearing instruments (fixed rate and floating rate):	4%			5.5%	7%

For collateral acceptance criteria, as well as information regarding limits and haircuts, please see the [Standard Acceptable Collateral and Resources website](#).

For questions, please contact the CME Clearing Credit Risk Management team at [CreditRisk@cmegroup.com](mailto:CreditRisk@cmegroup.com).