

TO: Clearing Member Firms
Chief Financial Officers
Back Office Managers

FROM: CME Clearing

ADVISORY #: 19-155

DATE: May 17, 2019

SUBJECT: Parameter Updates Pertaining to the Concentration Margin Program

Effective Monday, May 20, 2019, CME Clearing will update certain parameters used in the concentration margin program for futures and options. No changes will be made to the concentration margin program methodology.

Concentration margin add-ons are determined by assessing the calculated stress loss relative to Adjusted Net Capital (“ANC”) and an absolute dollar value threshold. CME Clearing has deemed it appropriate to increase the absolute stress loss thresholds that determine whether concentration margin is applied and at what tier level. Currently, absolute stress loss values above 1B are subject to a percentage add-on. With the updated tier structure, stress loss values must exceed 1.5B for concentration to apply. There is no impact to the existing ANC thresholds.

The current tier structure:

Tier	1	2	3	4	5	6	7	8	9
Add-On	10%	15%	20%	25%	30%	35%	40%	45%	50%
Absolute Stress Loss	1B	1.25B	1.5B	2B	2.5B	3B	4B	5B	6B
ANC	1.0x	1.5x	2.0x	2.5x	3.0x	3.5x	4.0x	4.5x	5.0x

New tier structure effective May 20, 2019:

Tier	1	2	3	4	5	6	7	8	9
Add-On	10%	15%	20%	25%	30%	35%	40%	45%	50%
Absolute Stress Loss	1.5B	1.75B	2B	2.5B	3B	4B	5B	6B	7B
ANC	1.0x	1.5x	2.0x	2.5x	3.0x	3.5x	4.0x	4.5x	5.0x

Should you have any questions, please contact CME Clearing Risk Management at Clearing.RiskManagement@cmegroup.com or 312-648-3888.