



Clearing Advisory Notice

DATE: November 6, 2020

TO: Clearing Member Firms

FROM: CME Clearing

ADVISORY #: 20-428

SUBJECT: **Client Name and LEI required in CGM submissions effective January 27, 2021**

Effective January 27, 2021, the CFTC will adopt revised Regulation § 39.19(c)(1)(i) to require DCOs to report additional customer level information including legal entity identifiers to the extent the information is available. In order to comport its practices and the obligations of clearing members with the revised CFTC regulations, CME Clearing has recently adopted rule changes which similarly take effect on January 27, 2021. The CME rule filing can be found at: https://www.cmegroup.com/content/dam/cmegroup/market-regulation/rule-filings/2020/9/20-405_1.pdf.

This advisory describes two changes to requirements for the nightly submission of Customer Gross Margin (CGM) position files to CME Clearing in order to comply with the revised CFTC regulations and CME rules.

In particular, by no later than Wednesday, January 27, 2021, firms should begin including, for each record in their CGM submission, (a) the client account name, and (b) the client account's Legal Entity Identifier (LEI), provided that the client has one and the firm knows it. Firms need not wait until that date to begin including this data, and if they are not already including it, may begin including it at any time.

Firms should submit the client account name and the LEI as the values they currently have in their bookkeeping systems. Not all clients will have LEI's, and this advisory is not intended to create any obligation on the part of firms to obtain LEI's from their clients beyond what may already be required by CFTC regulation.

This new requirement does not affect CME Clearing's longstanding requirement for the daily submission of additional client data for each CGM account to be used for the purposes of risk and default management. This additional data must be submitted at least once per business day, via any or all of (a) including it in the CGM file, (b) providing the separate "Margin Accounts Master" ("MAM") file, or (c) utilizing the FIA Tech solution. Besides the client account name and LEI, the additional data comprises (a) the client account's country of domicile, (b) the office or department code of the client account in the FCM's books, if this is a concept that the firm uses, and (c) the name, telephone, email and mailing address of a human being (whether of the client or of its asset manager) to be contacted in the event of a default by the FCM.

The client account name is submitted as subtype 5 of party role 24, and the LEI is submitted as party role 7. For example:

<Pty ID="ABC12345" R="24">	// customer account
<Sub ID="1" Typ="26"/>	// customer origin
<Sub ID="ACCT NAME" Typ="5"/>	// account name
<Sub ID="H" Typ="41"/>	// customer account type
<Sub ID="OMNIACCT" Typ="42"/>	// parent omnibus account
<Sub ID="AB" Typ="24"/>	// office code
<Sub ID="USA" Typ="31"/>	// country of origin
<Sub ID="JANE SMITH" Typ="9"/>	// client contact person
<Sub ID="312-123-4567" Typ="7"/>	// client telephone number
<Sub ID="jane@smith.com" Typ="8"/>	// client email
<Sub ID="Two Shady Lane, Chicago IL 60606" Typ="6"/>	// client address
</Pty>	
<Pty ID="ABCDEFXABC" R="7" Src="N"/>	// LEI of the client

Required data is shown in bold. The parent omnibus account is required only if this account is a disclosed subaccount of an omnibus account, of course. And, as stated above, LEI is required only if the client has one and has disclosed it to the firm. For more information on the creation and submission of CGM position files, please see "Customer Gross Margining Technical Overview", at:

<https://www.cmegroup.com/clearing/risk-management/files/CGMTechnicalInformation.pdf>

For more information please contact CME Clearing at ccs@cmegroup.com or via phone at Chicago (312) 207 2525 | London (44) 203 379 3198 | Singapore (65) 6593 5591.