



TO: Clearing Member Firms
Chief Financial Officers
Back Office Managers

FROM: CME Clearing

ADVISORY #: 21-468

SUBJECT: Modification to Stress Shortfall Margin Add-on Program Parameters

DATE: December 13, 2021

On June 29, 2018, CME Clearing issued Clearing House Advisory Notice #18-264 detailing the implementation of a Stress Shortfall Margin Add-on Program, hereafter referred to as the Add-on Program, which was fully automated in CME's clearing systems as of March 7, 2019. Further, Clearing House Advisory Notice #19-075 noted the threshold parameter at which the Add-on Program charge would take effect was set at a calculated stress shortfall of \$1.25 billion, with shortfalls in excess of the threshold triggering a 30% margin add-on charge on that excess.

The methodology, which incorporates a threshold and add-on charge above that threshold, for the Add-on Program will not be changing. However, starting Tuesday, January 4th, and until further notice, the Add-on Program charge above the threshold will be increased to 40%. The threshold parameter remains unchanged at \$1.25 billion.

All clearing member firms, whether or not they are impacted by the Add-on Program, will have access to report CPB992, titled "Stress Shortfall Margin Add-on Report," which will show the parameters that govern the program and calculated stress loss amounts by asset class for each relevant portfolio.

Should you have any questions, please contact Abby Perry (abby.perry@cme.com; (312)-307-7959)) or Clearing Risk Management (clearing.riskmanagement@cme.com; (312)-648-3888))