

TO: Clearing Member Firms
Chief Financial Officers
Back Office Managers

FROM: CME Clearing

Advisory #: 22-293

SUBJECT: Modifications to Schedule of Acceptable Performance Bond – Addition of Short-Term U.S. Treasury ETFs

DATE: August 2, 2022

Effective August 8, 2022, CME Clearing (CME) is amending its list of acceptable collateral to include certain Short-Term U.S. Treasury ETFs (“Short-Term UST ETF”). Short-Term UST ETFs will be acceptable for Base and IRS performance bond requirements in the House, Customer Segregated, and Customer Cleared Swaps origins.

For background, CME Clearing currently accepts select equity and fixed income ETFs as collateral subject to a 30% haircut and a hard dollar limit. However, Short-Term UST ETFs pledged as performance bond will have a separate \$500 million hard dollar limit, per clearing member and affiliates, subject to a 3% haircut. The distinct collateral limit and haircut for Short-Term UST ETFs reflects the different liquidity and risk profile of the asset type.

Acceptable Short-Term UST ETF instruments are based on a set of criteria, including:

- Tracks a U.S. Treasury index and has a minimum 80% investment in U.S. Treasuries with a time to maturity of 1 year or less.
- Same-day redemption option via the primary market (cash or in-kind).
- Prospectus language substantively similar to redemption language described in CFTC Regulation 1.25(c)(5).

The initial list of acceptable Short-Term UST ETFs can be found below. This list will be published on CME’s website, CME Datamine website, and reviewed by CME Clearing at least monthly.

Name of Fund	Ticker	Creation/Redemption Unit Size
SPDR® Bloomberg 1-3 Month T-Bill ETF	BIL	50,000
Invesco Treasury Collateral ETF	CLTL	10,000
Goldman Sachs Access Treasury 0-1 Year ETF	GBIL	10,000
iShares 0-3 Month Treasury Bond ETF	SGOV	50,000
iShares Short Treasury Bond ETF	SHV	10,000

Additionally, to align with (i) the SEC regulatory haircut and (ii) the mechanics of a redemption on the primary market, shares of Short-Term UST ETFs will only be accepted by CME Clearing in multiples of their respective creation/redemption unit size.

CME currently utilizes The Depository Trust Company (“DTC”) as its custodian for ETFs. To participate in this program, clearing members must either utilize a custodian bank or have an account with DTC.

Clearing members who post Short-Term UST ETFs as collateral with CME will be charged the same collateral fees as is listed in the [collateral fee schedule](#).

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

For questions regarding delivery instructions or testing, please contact ClearingHouseFinancial@cmegroup.com.

For all other questions, please contact Credit Risk at CreditRisk@cmegroup.com.