

TO: Clearing Member Firms  
Back Office Managers  
CME Optimizer Users  
CME CORE Users  
Margin Managers

FROM: CME Clearing

DATE: 06/15/2023

ADVISORY #: 23-172

SUBJECT: **OTC IRS BRL and MXN Liquidity Parameter Changes**

CME Clearing will be updating the liquidity and concentration model parameters for Interest Rate Swap ("IRS") contracts denominated in BRL and MXN. CME Clearing surveys market participants on a bi-annual basis to provide estimated bid-ask costs in stressed market conditions for IRS packages for different tenors, strategies and DV01. These survey results are used to calibrate liquidity and concentration add-on levels used in margin computations where appropriate. The most recent liquidity survey shows noticeable changes, which will be reflected in the calibrated liquidity and concentration model parameters for BRL and MXN denominated swaps.

The impacts on relevant portfolios based on the recalibration is varied and dependent upon the risk profile for each individual account. The overall impact to liquidity add-ons is approximately:

- Approx. 0.6% increase of total margin for portfolios with aggregated DV01 above 5MM BRL;
- Approx. 0.5 % decrease of total margin for portfolios with aggregated DV01 above 5MM MXN;

Note that the impacts to production accounts may vary depending on risk profile and value date.

These changes will be available for testing in New Release environment as of June 19, 2023, with Prod changes taking effect on June 26, 2023.

If you have questions, please contact IRS Risk team at [IRSQuantRisk@cmegroup.com](mailto:IRSQuantRisk@cmegroup.com).

Regards,  
CME Clearing