

S-7630

March 30, 2016

**Amendments to CME Rules 8G930.C. (Acceptable Performance Bond Deposits for IRS Products)  
and 8H930.C. (Acceptable Performance Bond Deposits for CDS Products)**

Effective Thursday, April 14, 2016, and pending all relevant CFTC regulatory review periods, Chicago Mercantile Exchange Inc. ("CME" or "Exchange") will adopt amendments to Rule 8G930.C. ("Acceptable Performance Bond Deposits for IRS Products") and Rule 8H930.C. ("Acceptable Performance Bond Deposits for CDS Products").

The amendments to Rules 8G930.C. and 8H930.C. will clarify that debt and equity issued by sanctioned parties may not be posted as acceptable performance bond by IRS and CDS Clearing Members, respectively. The amendments are intended to make the IRS and CDS clearing rules consistent with recent amendments to Rule 930.C. ("Acceptable Performance Bond Deposits") for all other CME Group Exchange products which became effective on February 29, 2016.

The amendments to Rules 8G930.C. and 8H930.C. appear below, with additions underscored.

**CME**  
**Chapter 8-G**  
**Interest Rate Derivative Clearing**  
(additions are underscored)

**8G930.C. Acceptable Performance Bond Deposits for IRS Products**

IRS Clearing Members may accept from their account holders as performance bond cash currencies of any denomination, readily marketable securities (as defined by SEC Rule 15c3-1(c)(11) and applicable SEC interpretations), money market mutual funds allowable under CFTC Regulation 1.25, bank-issued letters of credit, and "London Good Delivery" gold, as defined by the London Bullion Market Association.

IRS Clearing Members shall not accept as performance bond from an account holder securities that have been issued by the account holder or an affiliate of the account holder unless the IRS Clearing Member files a petition with and receives permission from Clearing House staff.

Unless permitted (either not restricted or specifically authorized) by OFAC and/or any Sanctioning Body, as applicable, IRS Clearing Members may not accept from their account holders as performance bond any debt or equity issued by Sanctioned Parties as defined in Rule 543, assets in which Sanctioned Parties have an interest, or any other assets that are or would be subject to blocking restrictions or sectoral sanction restrictions imposed by the U.S. Department of Treasury's Office of Foreign Assets Control or are subject to similar restrictions imposed by another Sanctioning Body.

Bank-issued letters of credit must be in a form acceptable to the Clearing House. Such letters of credit must be drawable in the United States. IRS Clearing Members shall not accept as performance bond from an account holder letters of credit issued by the account holder, an affiliate of the account holder, the clearing member, or an Affiliate of the clearing member.

All assets deposited by account holders to meet performance bond requirements must be and remain unencumbered by third party claims against the depositing account holder.

Except to the extent that Clearing House staff shall prescribe otherwise, cash currency performance bond deposits shall be valued at market value. All other performance bond deposits other than letters of credit shall be valued at an amount not to exceed market value less applicable haircuts as set forth in SEC Rule 240.15c3-1.

**CME**  
**Chapter 8-H**  
**Credit Default Swaps Clearing**  
(additions are underscored)

**8H930.C. Acceptable Performance Bond Deposits for CDS Products**

CDS Clearing Members may, without limitation upon other assets accepted by any such CDS Clearing Member, accept from their account holders as performance bond cash currencies of any denomination, readily marketable securities (as defined by SEC Rule 15c3-1(c)(11) and applicable SEC interpretations), money market mutual funds allowable under CFTC Regulation 1.25, bank-issued letters of credit and "London Good Delivery" gold, as defined by the London Bullion Market Association.

CDS Clearing Members shall not accept as performance bond from an account holder securities that have been issued by the account holder or an affiliate of the account holder unless the CDS Clearing Member files a petition with and receives permission from Clearing House staff.

Unless permitted (either not restricted or specifically authorized) by OFAC and/or any Sanctioning Body, as applicable, CDS Clearing Members may not accept from their account holders as performance bond any debt or equity issued by Sanctioned Parties as defined in Rule 543, assets in which Sanctioned Parties have an interest, or any other assets that are or would be subject to blocking restrictions or sectoral sanction restrictions imposed by the U.S. Department of Treasury's Office of Foreign Assets Control or are subject to similar restrictions imposed by another Sanctioning Body.

Bank-issued letters of credit must be in a form acceptable to the Clearing House. Such letters of credit must be drawable in the United States. CDS Clearing Members shall not accept as performance bond from an account holder letters of credit issued by the account holder, an affiliate of the account holder, the clearing member, or an Affiliate of the clearing member.

All assets deposited by account holders to meet performance bond requirements must be and remain unencumbered by third party claims against the depositing account holder.

Except to the extent that Clearing House staff shall prescribe otherwise, cash currency performance bond deposits shall be valued at market value. All other performance bond deposits other than letters of credit shall be valued at an amount not to exceed market value less applicable haircuts as set forth in SEC Rule 240.15c3-1.

The Clearing House will conduct regular reviews of its then-current haircut schedules and make any necessary adjustments.

Questions regarding this Special Executive Report may be directed to one of the following individuals:

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For media inquiries concerning this Special Executive Report, please contact CME Group Corporate Communications at 312.930.3434 or news@cmegroup.com.