

Memorandum

AUDIT INFORMATION BULLETIN

TO: Chief Financial Officers #08-08
Chief Compliance Officers

FROM: Audit Department, Clearing House Division

DATE: December 15, 2008

SUBJECT: Readily Marketable Performance Bond Collateral and Deposits

Recently, CME Group Inc.'s Audit Department has been asked for additional clarification in defining readily marketable securities acceptable for performance bond.

Chicago Mercantile Exchange Inc. ("CME"), Chicago Board of Trade, Inc. ("CBOT"), New York Mercantile Exchange, Inc. ("NYMEX") and Commodity Exchange, Inc. ("COMEX") allow clearing members to accept readily marketable securities (as defined by SEC Rule 15c3-1(c)(11) and applicable SEC interpretations) as performance bond from their account holders under CME Rule 930.C.1., CBOT Rule 930.C., and NYMEX Rule 930.C. respectively.

Clearing members should remain diligent in ensuring performance bonds adhere to the principle of liquidity inherent within the SEC definition of readily marketable. The definition includes, in part, the existence of independent bona fide offers to buy and sell securities, priced reasonably related to the last sales price, with quotations that can be determined almost instantaneously, and where payment will be received in settlement of such sale within a relatively short time. As such, readily marketable securities should be convertible to cash in an easy and prompt manner. Clearing members must be able to provide evidence that the securities accepted for performance bond are readily marketable and highly liquid, a condition which is inherent in the "ready market" definition. Securities which are not readily marketable and highly liquid as clarified within this Audit Information Bulletin will not be considered acceptable performance bond deposits.

If you have any questions, please call the Audit Department at (312) 930-3230 or at (212) 299-2120.