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Advisory Notice

Clearing House

09-452

TO: Clearing Member Firms

FROM: CME Clearing

SUBJECT: CME Clearing Performance Bond Collateral Update

Date: October 16, 2009

CME Clearing is introducing an enhancement to the existing Performance Bond Collateral schedule. Effective October 19, 2009, firms will be able to post physical gold to CME Clearing to cover non-segregated (NSEG) Performance Bond requirements. Initially, gold will be able to be posted to JP Morgan Chase Bank in London, England. In the near future, we hope to add additional depositories.

There will be a 15% asset haircut on the market value of all gold deposits. Additionally, gold can be applied to 20% Core, 50% Reserve and 50% of concentration requirement for your particular firm. There will be a firm asset limit of \$200 million. These guidelines are subject to change and will be evaluated on a regular basis.

Fees for storage, insurance and handling will be assessed by the custodian and passed on to the firms monthly. The total fees that will be charged is subject to change but is currently estimated at 5bps. CME will send pre-notifications via email to back office managers each month which will reflect the date that these monies will be debited directly from your firm's house account.

Prior to posting physical gold as collateral to CME Clearing for house accounts, a clearing firm will need to execute an English law title transfer agreement in the form specified by CME Clearing, which will cover all subsequent deposits of gold. In order to obtain the title transfer agreement, please contact CME Clearing Financial Unit by phone at (312) 207-2594 or via email at Clearinghousefinancial@cmegroup.com. The title transfer agreement will ensure that CME Clearing has the control over the collateral that is specified in CME rules, under English law, since the gold will be physically located in London.

CME has also implemented a new procedure which requires ALL firms to complete and submit a “Gold Collateral Movement Form” prior to posting or withdrawing any gold collateral. This form is attached to the end of this advisory notice.

For the purposes of pledging gold as collateral to the CME, please utilize the below instructions:

CME- NON-SEGREGATED (NSEG)

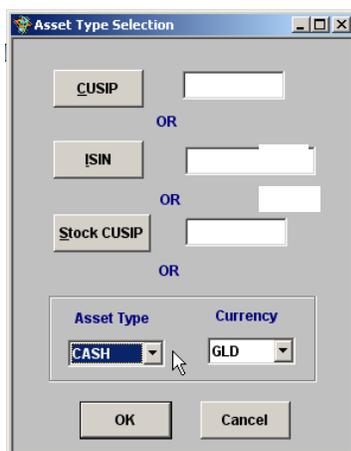
- Receiving Bank: JP Morgan Chase Bank London
- SWIFT BIC: CHASGB2LBUL
- Account: 01277
- Account Name: CME Group House
- Reference: CME Clearing Member Name

CME will have access to the EBTS system to initiate gold movements as an alternative to SWIFT and will require counterparty name, counterparty ID and account reference information. Please indicate these standard settlement instructions on the form included in this advisory.

Each transaction must be entered into Clearing 21 (C21) and finalized PRIOR to 9:30 A.M. CST for same day settlement though it is possible that settlement will not occur until after T+1. C21 deposit transactions will not be finalized until confirmation of receipt into CME’s account has been confirmed by CME with the custodian.

The procedure for entering gold transactions into the C21 Asset Management and Banking Module is detailed on the pages below.

*In order to effect a gold deposit or withdrawal transaction, the asset type used in the C21 Asset Management and Banking application will be CASH and the currency will be GLD.



*When completing a gold transaction, in the Par Amount field, please input the number of ounces that you wish to pledge or withdraw, NOT the current value. In the below example, a firm would be pledging 200,000 fine troy ounces of gold collateral.

Asset Management - Cash Transactions Maintenance

Transactions Options Window Help

Action: NEW **Firm:** 350 **Transaction:** WITHDRAWAL

Account Selection

Asset Account: [-----] **Acct Type:** PB

Origin: [-----] **Bus Function:** CLR

Currency: GLD **Bank:** CHASGB2L JPMCHASE LD

Transaction

Pending Transaction **Withdrawal Instruction:** GLD

Effective Date: 06/18/09 **Value Date:**

Par Amount: 200,000.00

Allocate... **Save** **Save/Continue** **Cancel**

The London p.m. Gold Fixed Price (GLDLNPRM) from Bloomberg will be fed into C21 on a nightly basis so that a USD equivalent value for the gold that your firm has on deposit can be calculated. This value will be located on your CAI500 report as "PB USD Equivalent". An example of this report is follows.

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CAI500R001                CHICAGO MERCANTILE EXCHANGE                PAGE:
BUSINESS DATE: 06/17/09    ASSET INVENTORY TRIAL BALANCE          RUN DATE: 06/
CYCLE: RTH                 FOR ALL BUSINESS FUNCTIONS          RUN TIME: 01:

~ CME

ACCOUNT ID:
BUSINESS FUNCTION:
ACCOUNT          PB
FUNDS SEG TYPE CODE: ISEG
CURRENCY: GOLD
ASSET: CASH
COLLATERAL
BANK CODE  BANK NAME          NUMBER          PB VALUE  PAR VALUE/  USD EQUIVALENT
CHASGB2L   JP MORGAN CHASE BANK GLD          200,000.00  200,000.00  186,800,000.00
* TOTAL: CASH          200,000.00  200,000.00  186,800,000.00
-----
** TOTAL: GOLD          CASH          200,000.00  200,000.00  186,800,000.00
+++ TOTAL +++          200,000.00  200,000.00  186,800,000.00
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The holiday schedule for GOLD/USD will be identical to the holiday schedule for GBP. As is current practice, settlement deadline changes for all assets are communicated via a CH holiday advisory.

For collateral related questions, please contact CME Clearing Financial Unit at (312) 207-2594 or via email Clearinghousefinancial@cmegroup.com.



CME Clearing Gold Movement Collateral Form

Please complete the information below when depositing or withdrawing gold to/from the Chicago Mercantile Exchange Inc. **The request will not be processed if the form is not completed in its entirety. As a reminder, gold collateral can only be held in the house origin.**

Type of Movement (Please circle):

DEPOSIT

WITHDRAWAL

Amount of gold fine troy ounces to be deposited/withdrawn _____

Bank and location where your gold is currently being held

Gold Unallocated Account Number _____

Please list out your or your counterparty's standard settlement instructions listed within the EBTS system:

Name of your counterparty _____

Counterparty ID _____

Counterparty A/C ref _____

Firm #: _____ Firm Name: _____

Authorized Signature: _____ Date: _____

Phone number: _____

Fax completed form to (312) 930-3187 Attention: Financial Unit and call the number below to ensure receipt of fax.

For further information, please contact the CME Financial Unit Hotline at (312) 207-2594.