



CME CLEARING
ADVISORY NOTICE

11-400

TO: Clearing Member Firms
FROM: CME Clearing
DATE: November 5, 2011
RE: CME Group Clarifies Maintenance Margin Ratios
Exchange to Reduce Initial Margin Ratio to 1.00

CME Group today is clarifying its notice to clearing firms regarding margins. In light of the issues customers transferring out of MF Global are facing, while still maintaining appropriate risk management protections for the market, CME Clearing is setting the "initial" margin upcharge at zero. This upcharge is normally applied to customer accounts when they are receiving a margin call.

The intent and effect of these changes is to decrease the size of any margin calls resulting from the bulk transfer of MF Global customers to new clearing members, not to increase them.

Yesterday, CME Group successfully transferred MF Global customer positions to a new clearing member with part, but not all, of their funds, as approved by the bankruptcy trustee and the court. By reducing the initial margin "ratio" to 1.00, we ensure that margin calls that are issued to these transferred MF Global customers will be limited to bringing their accounts into compliance with the lower, "maintenance" margin levels. Maintenance margins are set to provide appropriate risk management coverage. Initial margins are set to provide an additional buffer against future losses in the account.

This is a short term accommodation to maintain market integrity and provide temporary relief to customers whose accounts have been disrupted by this event.

We apologize for any confusion our initial advisory may have created.