

TO: Clearing Member Firms
Back Office Managers

FROM: CME Clearing

ADVISORY #: 12-185

SUBJECT: CME Clearing Performance Bond Collateral Update – Offshore
Renminbi

DATE: 04/30/2012

Effective May 1, 2012, CME Clearing will include offshore Chinese Renminbi (CNH) in the range of instruments permissible to meet performance bond requirements for futures products. All CNH deposits will be handled through CME's Far East custodian, HSBC Hong Kong, and clearing firms should deliver funds to CME's accounts at the bank in order to receive performance bond credit. Clearing members should call the Clearing House Banking Team at 312-207-2594 to obtain detailed banking instructions.

Clearing Member Firms must also have default withdrawal banking information on file with CME Clearing and maintain these accounts at an approved CME custodial bank. For a full listing of approved CME custodial banks, please contact the CME Clearing Banking Team at 312-207-2594.

Haircuts & Limits

- The initial haircut will be 10% and is subject to regular review by CME Clearing.
- Offshore Chinese Renminbi deposits will initially be limited to 200mm USD equivalent.

Asset Management Deposit/Withdrawal Characteristics

Asset Management is available via CME Connect. All firms are required to enter their transactions into Asset Management in order to receive performance bond credit. Deposit transactions must be entered into Asset Management on the business day prior to deposit. Deposit transactions will not be finalized until confirmation of receipt into CME's account has been confirmed via the custodian. Withdrawal requests made prior to 2:30 p.m. CST will be processed on a T+1 basis.

- Please use the asset type CASH
- Currency code will be CNH

Operational Flow



As with all collateral, customers of a Clearing Member Firm are encouraged to work with their Clearing Member Firm regarding specific deposit procedures and acceptability.

The holiday schedule for CNH/USD will reflect the holiday schedule in Hong Kong. As is current practice, settlement deadline changes for all assets are communicated via a CME Clearing holiday advisory.

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

FAQs

What is the account structure that CME has in place with HSBC Hong Kong for offshore-Renminbi?

CME operates omnibus accounts (Customer Segregated or House) to facilitate the deposit of CNH to CME Clearing for margin. Clearing firms should deliver the cash to CME accounts for margin credit. Please contact CME Clearing at 312-207-2594 for detailed banking information.

How does my Clearing Member Firm deliver offshore-Renminbi to CME Clearing for Performance Bond credit?

Please notify CME Clearing in Asset Management of any deposit. Once the transaction has been entered into Asset Management, funds should be delivered to the desired CME omnibus account (Customer Segregated or House).

What are the limits and haircuts?

At this time, there is a 200mm USD equivalent limit for offshore-Renminbi. Additionally, a 10% haircut will be applied to the currency. These limits and haircuts will continue to be evaluated.

Are there any custodial fees involved with pledging offshore-Renminbi?

No. Please contact your bank with regards to any fees that they may charge.

Is offshore-Renminbi eligible for Initial Margin for cleared swaps?

At this time, CNH is only available for margin on Futures & Options products.

Do I need to have accounts open at HSBC Hong Kong in order to pledge offshore-Renminbi to CME Clearing?

Although CME has chosen HSBC Hong Kong as its Far-East custodian, CMFs may chose to have accounts open at a different bank. CMFs interested in opening up bank accounts at HSBC Hong Kong should contact Andrew Gibson at 201-795-7571 Andrew.gibson@hsbc.com or Ali Tariq at 852-2822-3087 alitariq@hsbc.com.hk for more information.