

13-204

TO: Clearing Firms
Back Office Managers

FROM: CME Clearing

SUBJECT: **Category 3 Collateral Limit Expansion**

DATE: April 30, 2013

As per the normal review of acceptable collateral and limits, CME Clearing is making the below change regarding the clearing member firm maximum limit for Category 3 collateral. The change is pending all regulatory review periods.

Collateral accepted by CME Clearing is categorized as noted below. Currently, the maximum allowable limit for utilization of Category 3 Assets is the lesser of a) 40 % of core margin requirements and concentration requirements per origin and asset account or b) \$3 billion per Clearing Member Firm across all settlement accounts.

Effective with the RTH cycle on Friday, May 10, 2013, the maximum allowable limit for utilization of Category 3 Assets will be the lesser of a) 40 % of core margin requirements and concentration requirements per origin and asset account or b) \$5 billion per Clearing Member Firm across all settlement accounts.

Category 1 assets have no requirement type limits. Category 2 assets have a maximum allowable limit of 40% of core margin requirements and concentration requirements per Clearing Member Firm across all settlement accounts.

Please refer to the website link below for details on individual asset type limits and product class restrictions.

Category 1 Assets:

- U.S. Cash
- U.S. Treasuries
- IEF2 Money Market Fund Program

Category 2 Assets:

- U.S. Government Agencies
- Select Mortgage Backed Securities
- IEF5 Specialized Cash Program
- Letters of Credit

Category 3 Assets:

- Foreign Sovereign Debt (sub-limit of \$1 billion per clearing member firm)
- Gold (sub-limit of \$500 million per clearing member firm)
- IEF4 Specialized Collateral Program
- Stocks
- TIPS (sub-limit of \$1 billion per clearing member firm)

Please call CME Clearing for availability of Foreign Cash deposits.

Please refer to the website <http://www.cmegroup.com/clearing/financial-and-collateral-management/> for further detail regarding acceptable collateral, haircuts, and limits. For questions about requirements, please call Risk Management hotline at 312-634-3888 and questions about collateral can be directed to the Financial Unit hotline at 312-207-2594.