



Advisory Notice

Clearing House

13-445

TO: Clearing Member Firms
Back Office Managers

FROM: CME Clearing

SUBJECT: **CDS Liquidity Margin Methodology Change in Production**

DATE: September 26th, 2013

Please be advised that a change in calculating the liquidity factor of the margin methodology for CDX Index Credit Default Swap contracts will become effective in Production as of October 4th, 2013, RTH.

The new liquidity factor will be a function of the market risk exposure modeled through portfolio SDV01 and the basis risk exposure modeled through portfolio RSDV01. Additionally, a DST (Duration/Series/Tenor) based floor liquidity charge will be introduced.

This change will be supported by the current version of PC-SPAN, which is the most up-to-date version available (no upgrades are necessary for customers using the latest version).

Please contact the CME Clearing Risk Hotline at clearing.riskmanagement@cmegroup.com or 312.648.3888 if you have further questions.