



DATE: Friday December 27, 2013

TO: Clearing Member Firms  
Chief Financial Officers  
Back Office Managers  
Margin Managers

Advisory #: 13-590

SUBJECT: Review of Collateral Haircuts Advisory

In conjunction with regular review of market volatility to ensure adequate collateral coverage, please find the current acceptable collateral and haircuts for CME Clearing below. Effective January 6<sup>th</sup> RTH, off the run haircuts will no longer be applicable. Please note that the changes column found below indicates any near term changes to collateral and haircuts. Please see CME Clearing website for more details.

<http://www.cmegroup.com/clearing/financial-and-collateral-management/>

Should you have any questions, please contact the Risk Management department at 312-648-3888 or the Financial Management group at 312-207-2594.

| Current Haircuts        |  |               |                |                 |                  |            |  |
|-------------------------|--|---------------|----------------|-----------------|------------------|------------|--|
| Asset Class             | Time to Maturity   |               |                |                 |                  |            | Changes  |
|                         |  | 0 to ≤1 years | >1 to ≤3 years | >3 to ≤5 years  | >5 to ≤10 years  | >10 years  |  |
| U.S. Treasuries         | TBILL  | 0.5%          | --             | --              | --               | --         | -  |
|                         | TNOTE/TBOND  | 1.0%          | 2.0%           | 3.0%            | 4.5%             | 6.0%       | Effective January 6 <sup>th</sup> , the off the run haircut is no longer applicable. |
|                         | TSTRIP   | 11.0%         | 11.0%          | 11.0%           | 11.0%            | 11.0%      | -  |
| U.S Government Agencies |  | 0 to ≤5 years |                | >5 to ≤10 years | >10 years        |            |  |
|                         | <i>FFCB, FHLB, FHLMC, FNMA</i>   | 3.5%          |                |                 |                  |            | -  |
|                         | NOTE/BOND  | 4.0%          |                | 5.5%            | 7.0%             |            | Effective January 6 <sup>th</sup> , the off the run haircut is no longer applicable. |
| Foreign Sovereign Debt  |  | 0 to ≤5 years |                | >5 to ≤10 years | >10 to ≤30 years | >30 years  |  |
|                         | BILL   | 5.0%          |                |                 |                  |            | -  |
|                         | NOTE/BOND  | 6.0%          |                | 7.5%            | 9.0%             | 10.5%      | Effective January 6 <sup>th</sup> , the off the run haircut is no longer applicable. |
| Cash                    | US Dollar  |               |                |                 |                  | No haircut | -  |
|                         | Australian dollar, British pound, Canadian dollar, Danish krone, Euro, Hong Kong dollar, Japanese yen, New Zealand dollar, Norwegian krone, Singapore dollar, Swedish krona, Swiss franc |               |                |                 |                  | 5%         | -  |
|                         | Czech koruna, Hungarian forint, Mexican peso, Offshore Chinese Renminbi, Polish zloty  |               |                |                 |                  | 10%        | -  |
|                         | South African rand   |               |                |                 |                  | 15%        | -  |
|                         | Turkish lira   |               |                |                 |                  | 20%        | -  |
| Gold                    | 15%  |               |                |                 |                  |            | -  |
| IEF 2                   | 3%   |               |                |                 |                  |            | -  |
| IEF 4                   | IEF4 – Corporate Bonds 20% Haircut. Contact Clearing House for more details.   |               |                |                 |                  |            | -  |
| IEF 5                   | No Haircut   |               |                |                 |                  |            | -  |
| Stock                   | 30%  |               |                |                 |                  |            | -  |
| Letters of Credit       | No Haircut   |               |                |                 |                  |            | -  |