

#14-040

DATE: January 24, 2014
TO: Clearing Member Firms
FROM: CME Clearing
SUBJECT: **Performance Bond Category Changes**

In conjunction with the new CFTC Regulation 39.33, CME plans to amend the categorization and limits for some types of collateral eligible to meet performance bond requirements in an effort to align composition with the CFTC's definition of qualifying liquidity resources. Please see website for applicability of each asset class towards CDS, IRS, and Base requirements.

Pending regulatory review, effective April 1, 2014, the following are changes to the performance bond categories for acceptable collateral types.

Category 1	Category 2*	Category 3**
-USD Cash	-US Government Agencies	-IEF2 ◆
-FX Cash+	-Select MBS	-Foreign SOV Debt (cap \$1B)
-US Treasuries	-TStrips (cap \$1B)	-IEF4 (corporate bonds)
-IEF5	-TIPS (cap \$1B)	-Gold (cap \$500mm)
-LOC*		-Equities (cap \$1B)

*Capped at 40% of core requirement

** Capped at lesser of 40% of core requirement or \$5 billion per Clearing Member Firm

◆ Not subject to 40% cap

+ \$250 million USD equivalent on FX cash meeting requirement in different currency

Category 2 and 3 cannot exceed \$7 Billion in USD equivalent.

CME Clearing requires Member Firms to monitor caps and limits when posting collateral.

For operational questions, please contact CME Clearing Financial Unit at 312-207-2594. For Risk Management related questions, please contact CME Clearing Risk Unit at 312-648-3888.