CME Group | Advisory Notice

14 - 175

DATE: April 29, 2014

TO: Clearing Member Firms

FROM: CME Clearing

SUBJECT: **Announcing the CME Collateral Services API**

CME is pleased to announce the availability of the first phase of our **Collateral Services API**, both in production and in the New Release testing environment.

The API is intended to provide clearing firms with processing efficiencies by automating their interaction with CME Clearing for collateral transactions such as deposits and withdrawals of cash or securities. The value of such efficiencies for member firms has increased together with the number of daily collateral transactions.

For example, if a firm intends to deposit a Treasury note. It sends a message so indicating. CME will then send a message back stating, "we've received your request, it is valid, please stand by." Then, after the receipt of the security is confirmed, CME will send a second message, indicating that the security has been received and that the firm now has margin credit for it. The process for a withdrawal is analogous.

The first phase of the API is available now and uses CSV-format datafiles. (You send CME a file, and get a file back.) The specification is at:
http://www.cmegroup.com/clearing/risk-management/files/cme-collateral-api-csv.pdf

In the next phase, scheduled for deployment this summer, CME will provide a true message-based API using industry-standard FIXML format messages. CME selected FIXML because it is the CME standard for clearing-related messaging, because of its adoption by other CCP's for collateral transactions, and because of its interoperability with the international standard ISO 20022. The draft specification for the FIXML format is at:
http://www.cmegroup.com/clearing/risk-management/files/cme-collateral-api-fixml.pdf

In future phases, CME is also considering offering the Collateral Services API using SWIFT messages or other connectivity options, and will also work with third-party providers of collateral messaging services to facilitate interconnections.

Note that the Collateral Services API will supplement rather than replace the graphical user interface of CME's Asset Management System. Firms may always choose to log on to the Asset Management System to request deposits or withdrawals manually.

For more information please contact CME Clearing's Financial Unit at 312-207-2594 or chfin@cmegroup.com.