

TO: Clearing Member Firms; Back Office Managers

FROM: CME Clearing

DATE: July 15, 2014

ADVISORY #: 14-281

SUBJECT: **Update to Advisory for IRS Margin Model Parameter Change in NR**

Please be advised that the New Release deployment of modifications to CME Interest Rate Swap (IRS) log return parameters scheduled for Wednesday, July 16<sup>th</sup> has been delayed. CME will communicate a new deployment date once one is determined. Below is a summary of the previously communicated parameter change:

Please note CME Clearing will be deploying modifications to CME Interest Rate Swap (IRS) log return parameters in the New Release (NR) environment. The changes will apply to all IRS currencies. Data for each currency will shift by 4% before computing the log returns. This mirrors the already-implemented shifted log approach for Singapore Dollar (SGD)-denominated IRS (see Clearing House Advisory 13-444, dated 9/26/13) and reflects a robust, long-term approach that yields more desirable outcomes in both low and high interest rate regimes.

Additionally, CME Clearing is updating the IRS volatility floors for all currencies. The Production date for shifted log and impact to the production portfolios will be communicated in advance of migration to production.

If you have questions, please contact the Risk Research team at [QRT@cmegroup.com](mailto:QRT@cmegroup.com) or call 312-338-2069.