

# Cleared OTC Financial Products

Security. Neutrality. Transparency.

December 2013

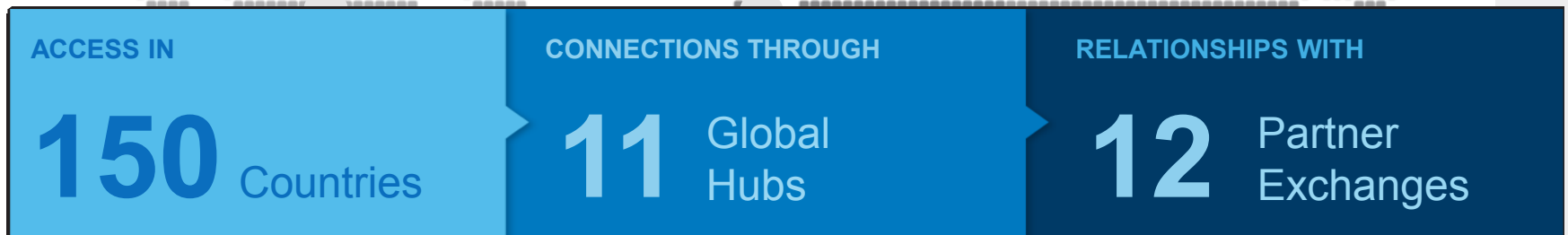
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# CME Group: Who We Are

CME Group is the world's leading and most diverse derivatives exchange. It's where companies, institutions and individuals from around the globe come to manage their business risks, hedge against fluctuations and protect themselves against price volatility.

## Our Global Reach



# Global Clearing House

## Global recognition and a Qualified CCP

CME Clearing is in discussions with many regulators throughout the world regarding licensing and recognition framework.

### Regulatory Recognition for CME Group's Global Clearing Solution

- In August 2013, global regulators including the CFTC and ESMA released cross border guidance and set the path for mutual recognition of clearing and reporting regulations
- CME Clearing has been operating as a Recognized Overseas Clearing House (ROCH) by the UK Financial Services Authority (FSA) since June 2007
- In September 2013, CME Clearing applied for third country CCP recognition under the new EMIR regime
- CME's current ROCH and EMIR application for third country CCP recognition allows us to continue operating under EMIR 89(4) until 15 June 2014 or until recognition is received by ESMA, whichever is earlier

### Qualified CCP

- CME Clearing meets the criteria established for a Qualified CCP
- We are currently working on licensing efforts with various global regulators
- The guidance from Basel Committee on Banking Supervision, along with the aforementioned licensing and regulatory efforts will allow global customers to treat their exposures to CME as QCCP which qualify for preferential capital treatment

# CME Group's Global Clearing Capabilities

Clearing choice based on customer demand

	FCM Model	Principal Model
	US Law	English Law
Execution	ETD: CME MARKETS (CME, CBOT, NYMEX)	ETD: CME Europe (Pending regulatory Approval)
Clearing	OTC: Commodities, IRS, CDS, FX CME CLEARING US	OTC*: Commodities, IRS, CDS, FX CME CLEARING Europe
Clearing Member	CLEARING MEMBER (FCM/DCM)	CLEARING MEMBER (Broker/Bank)
Client	US or Non-US CLIENT	European or Non-US CLIENT

\* OTC Commodities and IRS are currently live. OTC Financials roll out planned with OTC FX and OTC CDS in 2014

# Global OTC Solution

# Why Customers are Choosing CME Group

## Offering a superior solution to meet client's needs

### Customer Focus

- Global multi-asset class solution for IRS, CDS, FX, and Commodities
- Transparency through reporting directly to customers
- Follow-the-Sun Global Client Service Support

### Margin Efficiencies

- Customer margin is based on 5-day historical VAR methodology
- Capital efficiency of portfolio margining of IRS vs. Eurodollar & Treasury Futures

### Operational Flexibility

- Ability to real-time clear trades in all time zones
- Only clearing house to provide clients the flexibility of minimizing trade errors through the most cost-efficient solution
- No requirement of pre-funding to clear trades in normal course of business
- Automated position transfers - ease of default management

### Customer Protections

- Offering clients the option of LSOC, LSOC with Excess, and Combined Cash Flow under LSOC with Excess

# Client Demand Drives Open Interest

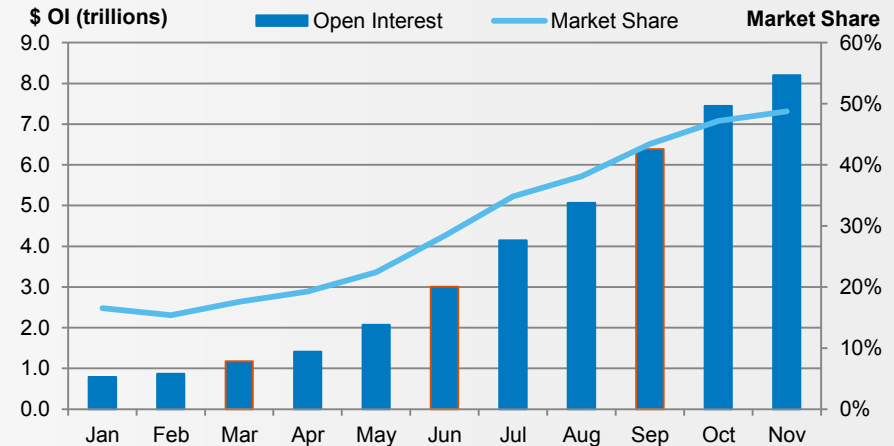
Over 380 global market participants have now cleared more than \$13.3 trillion in our OTC clearing solution, including:

- 124+ Hedge Funds
- 55+ Regional Banks
- 85+ Asset Managers
- 30+ Registered Swap Dealers
- 25+ Insurance Companies
- 20+ REITs
- 10+ GSEs

Other clients include Pension Funds, Endowments, Sovereign Wealth Funds, Corporations, and Proprietary Trading Firms

Open interest continues to trend upward, from \$3 trillion in June to \$8.2 trillion in November with market share increasing from 28% to 49% during this same period

## OTC IRS Open Interest



### March 11 – Category 1 Customers Clearing Mandate

- Swap Dealers
- Major Swap Participants
- Active Funds

### June 10 – Category 2 Customers Clearing Mandate

- Commodity Pools
- Non-"Active Funds"
- Non-"3<sup>rd</sup> Party sub-accounts" "Predominantly Involved in Banking"

### September 9 – Category 3 Customers Clearing Mandate

- 3<sup>rd</sup> Party sub-accounts
- Pension Funds
- All Other Non-End-users



# Platforms Connected to CME Clearing

Several market leading affirmation platforms and Swap Execution Facilities are directly connected to CME Clearing

## Connectivity Partners

Bloomberg

CME CLEARPORT

MarketAxess

markitSERV

Sky Road

Tradeweb

ICE LINK

Javelin

SWAPEX

TERA EXCHANGE

trueEX

VYAPAR

CME Clearing

## OTC Clearing Members

Bank of America

BARCLAYS

CREDIT SUISSE

NOMURA

JPMorgan

UBS

RBS  
The Royal Bank of Scotland

BNP PARIBAS

CRÉDIT

Scotiabank

SOCIÉTÉ GÉNÉRALE

Citi

BMO

CRÉDIT

Newedge

Morgan Stanley

STATE STREET

Goldman Sachs

Deutsche Bank

BNY MELLON

HSBC

RBC

WELLS FARGO

# Cleared OTC IRS Product Scope

## Existing Products

Fixed/Float*	Tenor				Index		
	Years				Months		
	11	15	31	51	1	3	6
USD					●	●	● LIBOR
EUR					●	●	● EURIBOR
GBP					●	●	● LIBOR
CAD						●	CDOR
JPY					●	●	● LIBOR
CHF							● LIBOR
AUD						●	● BBR
SEK						●	STIBOR
DKK							● CIBOR
NOK							● NIBOR
NZD						●	BBR
HKD						●	HIBOR
SGD							● SOR-VWAP
HUF							● BUBOR
CZK							● PRIBOR
PLN							● WIBOR
ZAR						●	JIBAR
MXN					28d		TIIE-BANXICO

## Zero Coupon Swaps

USD | EUR | GBP 50 years

## Overnight Index Swap (OIS)

USD | EUR | GBP | JPY 30 years

## Basis Swaps

USD | EUR | GBP | JPY 51 years

AUD | JPY 31 years

Fed Funds vs. Libor (USD) 30 years

## Forward Rate Agreements (FRA)

USD | EUR | GBP | JPY 3 Days – 3 Years

## ADDITIONAL EXPANSIONS

Early 2014: BRL, Swaptions

# Cleared OTC CDS Product Scope

## Clearing eligible North American products

- End of 2013 – CME Group is targeting completion and regulatory approval to be provided for an enhanced margin methodology for CDS
- Early 2014 - Post regulatory approval of methodology, CME Group is looking to expand CDS product offering to include North American Single Names and European Itraxx

Product	Scope	Status
CDX IG	<b>Series 8</b> 7 and 10 tenors	Clearing Eligible
	<b>Series 9 – 12</b> 5, 7, and 10 year tenors	Clearing Eligible
	<b>Series 13 – 21</b> 3, 5, 7, and 10 year tenors	Clearing Eligible
CDX HY	<b>Series 11 – 21</b> 5 year tenor	Clearing Eligible

# Cleared OTC FX Product Scope

## 12 OTC FX Non-Deliverable Forwards



Brazilian Real



Philippine Peso



Malaysian Ringgit



Indian Rupee



Korean Won



Chinese Renminbi Yuan



Indonesian Rupiah



Taiwan Dollar



Chilean Peso



Colombian Peso



Peruvian Sol



Russian Ruble

## 26 OTC FX Cash-Settled Forwards

- **USD Settlement:** EUR/USD, AUD/USD, GBP/USD, USD/CHF, USD/SEK, USD/DKK, NZD/USD, USD/NOK, USD/HKD, USD/HUF, USD/ILS, USD/MXN, USD/SGD, USD/PLN, USD/ZAR, USD/CZK, USD/TRY, USD/THB
- **Non USD, T+1 settlement currencies:** USD/CAD, EUR/GBP, EUR/AUD, EUR/CHF
- **Non USD, T+2 settlement currencies:** USD/JPY, AUD/JPY, EUR/JPY, CAD/JPY

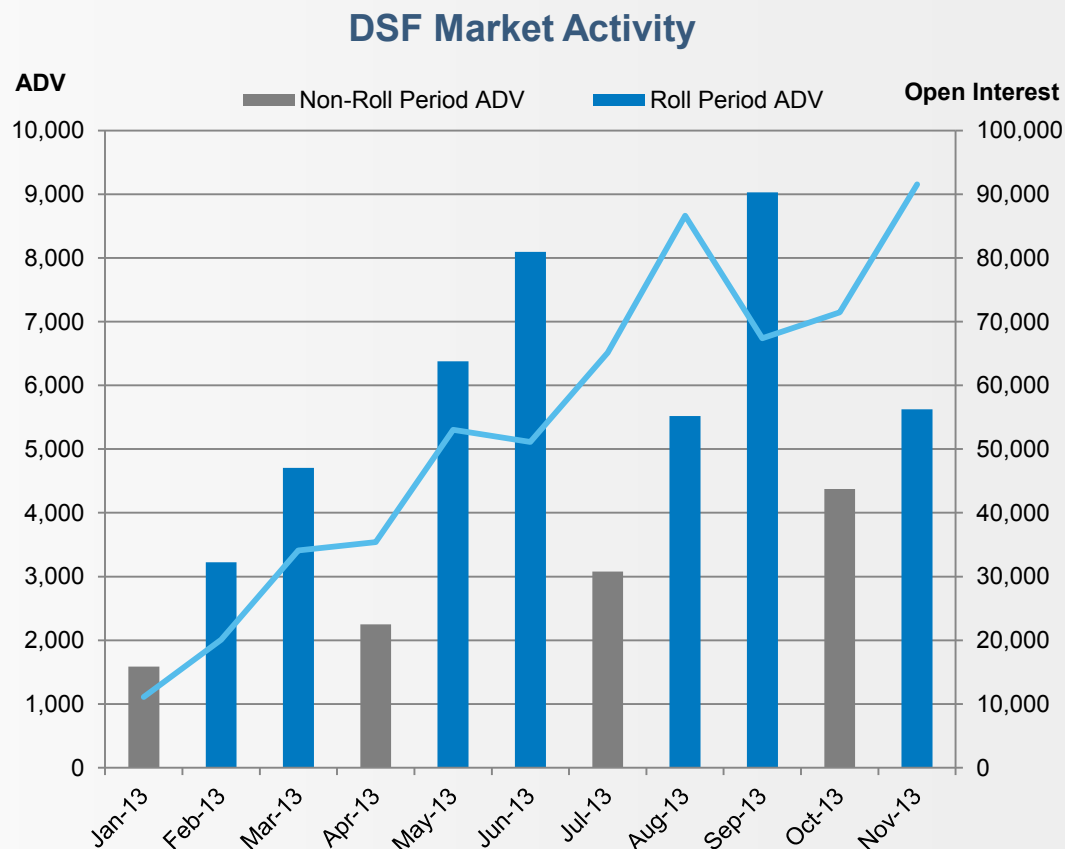
\*All settlements in USD

# Deliverable Swap Futures

Interest rate swap exposure with the added capital and operational benefits of a standardized futures contract

## Product Overview

- Deliverable Swap Futures were launched in December 2012 with strong support from buy-side firms as well as the dealer community
- U.S. Dollar-denominated quarterly contracts expiring on IMM dates for key benchmark maturities: 2, 5, 10, and 30 years
- At expiration, all open positions deliver into CME Group Cleared Interest Rate Swaps
- Approximately 25% taken into delivery
- Future Enhancements: 7 and 15 yr. tenors, EUR DSF



# Reporting & Margin Tools

CME Group provides direct access to daily reports through a secure FTP site, which enables customers to fully integrate key OTC data into their internal systems.

## Position Reporting via the Trade Register

- End of day mark to market values for all IRS positions across all clearing members, including existing trades and any new trades cleared that day
- Available at 4:45pm EST, so customers and their approved administrators/custodians can complete their daily NAV reports

## IRS Curve Data

- CME offers full transparency into IRS valuation, including a detailed white paper on curve construction, enabling customers to replicate our IRS valuation curve and calculate the value of their IRS positions
- The secure FTP site provides daily IRS curve data across all currencies, including curve inputs that are used to construct both the forecasting and discounting curves, and the curve outputs like daily forward rates and discount factors

## Client-Level Margin Files

- Gives clients access to the exact margin requirements given to the FCMs for their accounts

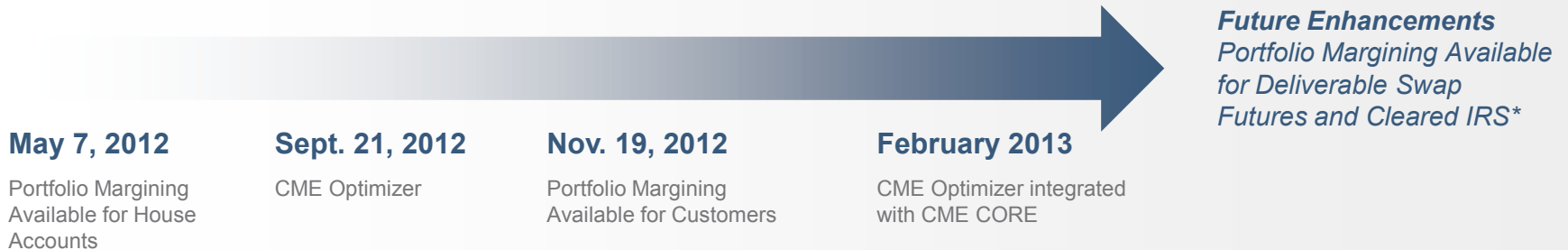
*To set up a secure FTP site for your firm, please contact:* CME Onboarding Group at [onboarding@cmegroup.com](mailto:onboarding@cmegroup.com) or (312) 338-7112

## CME CORE Margin Tool is a web-based tool to calculate initial margins for IRS and CDS portfolios

- “What if” analysis shows how margins will change as positions are added or removed from any given portfolio
- CME Margin Optimizer Enhancement
  - The CME CORE tool will soon be enhanced to calculate Optimization of IRS Portfolio Margining
  - Clients can upload a portfolio of IRS and Futures, and CORE will generate a report with the ideal allocation of Eurodollar and Treasury Futures to move into the OTC Customer Cleared Swaps account to minimize the portfolio risk, and therefore, reduce margins

For access to CME CORE: Visit [cmegroup.com/core](http://cmegroup.com/core)

# Portfolio Margining Overview



## Creating Solutions for a Capital Constrained World

- CME Group has administered a range of cross-margining programs for more than 20 years
- With market leading Interest Rate products and the launch of Cleared OTC Interest Rate Swaps in 2010, CME Group is able to offer both customer and house accounts capital efficiencies for Cleared OTC Interest Rate Swaps and Eurodollar and Treasury Futures

## Unparalleled Capital Efficiencies

- There is increasing client demand for greater capital efficiencies and there are now six clearing members live with this solution
- The risk reduction achieved by this program has shown capital efficiencies of up to 90% for certain portfolios – figures that remain unparalleled in the industry
  - Total risk reductions now account for over \$1 billion in initial margin savings
- Clearing Members can reduce their own regulatory and guaranty fund capital costs by facilitating portfolio margining for clients

# Superior Customer Protections

**CME Clearing is the industry leader in mitigating risk for customers through the US FCM clearing model**

## **LSOC Without Netting Variation Margin**

- In an FCM default, CME Clearing will discontinue netting variation gains and losses within the defaulted FCM's cleared swaps customer account with CME Clearing on a post-default basis
- By discontinuing Variation Margin netting, CME will better protect non-defaulting customers by helping them keep their positions intact while porting them to another FCM with as much collateral as possible

## **LSOC with Excess**

- Flexibility to hold excess collateral at CME Clearing, with protection of the client's full collateral value
- Client's FCM must submit a daily Collateral Value Report (CVR) to specify the collateral value of each individual account

## **Combined Cash Flow Under LSOC with Excess**

- Flexibility to hold excess collateral at CME Clearing, with protection of the client's full collateral value
- Efficient daily margin process allowing firms to use the excess collateral to cover variation margin obligations, with the potential to eliminate daily cash movements
- Lower variation margin calls for Clearing Members, reducing the funding gap between Clearing Firms and their clients

## **CME Safekeeping Accounts\***

- Proposed account structure aims to let end-customers meet their margin obligations at FCM's via third-party custodial accounts
- Allows end-customers to utilize custodial account arrangements and use assets held in those accounts to meet margin obligations
- CME, an FCM, an end-customer, and a custodian bank will execute a quad-party custody arrangement to facilitate the CME Safekeeping account transactions

\*Not currently available



# CME Financial Safeguards

## IRS Financial Safeguards

**\$1.125 Billion**

### Assessment Powers

3<sup>rd</sup> and 4<sup>th</sup> largest CM shortfalls

Non-Defaulting Clearing Members  
IRS Guaranty Fund Contributions

**\$150M**

CME Designated Working Capital  
for IRS Guaranty Fund

Defaulted Clearing Member  
IRS Guaranty Fund Contribution

Defaulted Clearing Member  
IRS Fund Performance Bonds

### IRS Financial Safeguards Product Coverage

- IRS
- Cross-margined futures

## Base Financial Safeguards

**\$3.197 Billion**

### Assessment Powers

275% of GF per Default<sup>1</sup>

Non-Defaulting Clearing Members  
Base Guaranty Fund Contributions

**\$100M**

CME Designated Working Capital  
for Base Guaranty Fund

Defaulting Clearing Member  
Base Guaranty Fund Contribution

Defaulting Clearing Member  
Base Fund Performance Bonds

### Base Financial Safeguards Product Coverage

- Futures products
- OTC FX
- Other non-IRS or CDS OTC products

## CDS Financial Safeguards

**\$734 Million**

### Assessment Powers

3<sup>rd</sup> and 4<sup>th</sup> largest CM shortfalls

Non-Defaulting Clearing Members  
CDS Guaranty Fund Contributions

**\$50M**

CME Designated Working Capital  
for CDS Guaranty Fund<sup>2</sup>

Defaulting Clearing Member  
CDS Guaranty Fund Contribution

Defaulting Clearing Member  
CDS Fund Performance Bonds

### CDS Financial Safeguards Product Coverage

- CDS

<sup>1</sup>See CME Rulebook Chapter 8, Rule 802.G for greater detail

<sup>2</sup>Equal to the greater of (x) \$50 million and (y) 5% of the CDS Guaranty Fund, up to a maximum of \$100 million

\*All GF numbers are as of 9/30/2013

# Flexible Collateral for Initial Margin

CME Clearing accepts a broad array of collateral for the Customer OTC Account Class

Collateral	Haircut
US Cash	None
Non-US Cash (EUR, GBP, CAD, AUD, JPY, CHF)*	5%**
Sovereign Debt of UK, Germany, France, Canada, Japan, and Sweden	5%-10.5% (maturity based) Additional 1.5% for off-the-runs
US Treasury Debt	0.5%-11% (maturity based) Additional 1.5% for off-the-runs
US Agency Debt	3.5%-7% (maturity based) Additional 1.5% for off-the-runs
US Agency Mortgage Backed Securities	11%
Corporate Bonds (IEF4)	20%
Money Market Mutual Fund (IEF2)	3%
Bank Deposit Program (IEF5)	None

\*The last three currencies are available for IRS only.

\*\* Haircut is only applied when cash is used to meet a margin requirement based in a different currency.

# Follow-the-Sun Client Service Team

Providing clients 24 hour support

## CME Global Headquarters

Chicago, IL  
Client Services  
+1 312 338 7112

## NYMEX World Headquarters

World Financial Center  
New York, NY

## CME London Office

## CMECE Headquarters

One New Change  
London EC4M9AF  
United Kingdom  
+44 20 33793199

## Asia Headquarters

Singapore Land Tower  
Singapore 048623  
+65 6593 5592



# CME Global Repository Services

## CME European Trade Repository and CME Swap Data Repository for multi-jurisdictional reporting

- Solution for cleared and bilateral transactions across rates, credit, FX, equities, and commodities

## Premium, simplified, efficient and low cost regulatory reporting solutions for all market participants

- Proven reporting systems and processes; extensive regulatory experience
- No maintenance fees, no cleared data charges, per ticket fee model
- World class customer service
- Maximizes lightweight CME ClearPort technologies and middleware clearing connectivity

## Straight Through Processing

- One message for clearing, reporting, multiple jurisdictions
- Full reconciliation reports

## CME Swap Data Repository (SDR) – Dodd Frank

- Provisional registration received from CFTC on 11/20/12 to operate a SDR for the rates, credit, FX and other commodities asset classes
- Entire asset class coverage; actively used for cleared and non-cleared data

## CME European Trade Repository (ETR) - EMIR

- CME Group has applied with ESMA for exchange traded & OTC trade repository in Rates, FX, Credit, Equities and Commodities
- London based legal entity with local business and support staff

[cmegroup.com/etr](http://cmegroup.com/etr) and [cmegroup.com/sdr](http://cmegroup.com/sdr)

# SEF Workflows & CME Group Solutions

# Swap Execution Facilities

## Key changes and challenges to client clearing workflow

### Pre-Execution Credit Check

- The SEF mandate requires a client's clearing member to run a pre-execution credit limit check on each transaction, in order to provide certainty of clearing. This credit check will be dependent on the ability of CMs and SEFs to validate these limits in real time. In some cases, the client themselves will need to allocate their FCM limit across multiple SEFs
  - Within the off-SEF workflow, the FCM credit limit check takes place after the trade has been submitted to the CCP for clearing

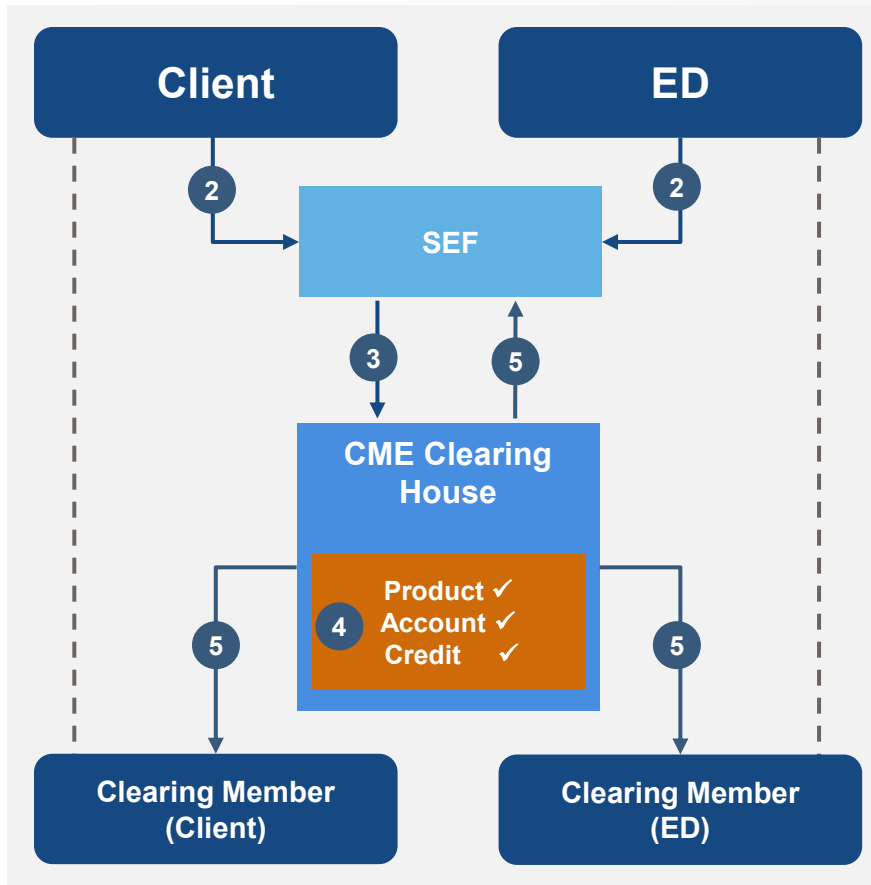
### Allocations

- Within the off-SEF workflow, clients allocate orders post execution utilizing affirmation platforms before the order is submitted to clearing. As a result of this pre-execution credit limit check requirement on SEF trades, clients will need to either:
  - Allocate block orders on the SEF prior to execution
  - Utilize CME's bunched order solution to allocate post clearing

### Trade Rejections

- Orders rejected for clearing by the CCP will be considered void. Orders rejected due to an operational issue may be resubmitted for clearing within a specific time period.
  - Within the off-SEF workflow, orders rejected for clearing may be resubmitted on trade date

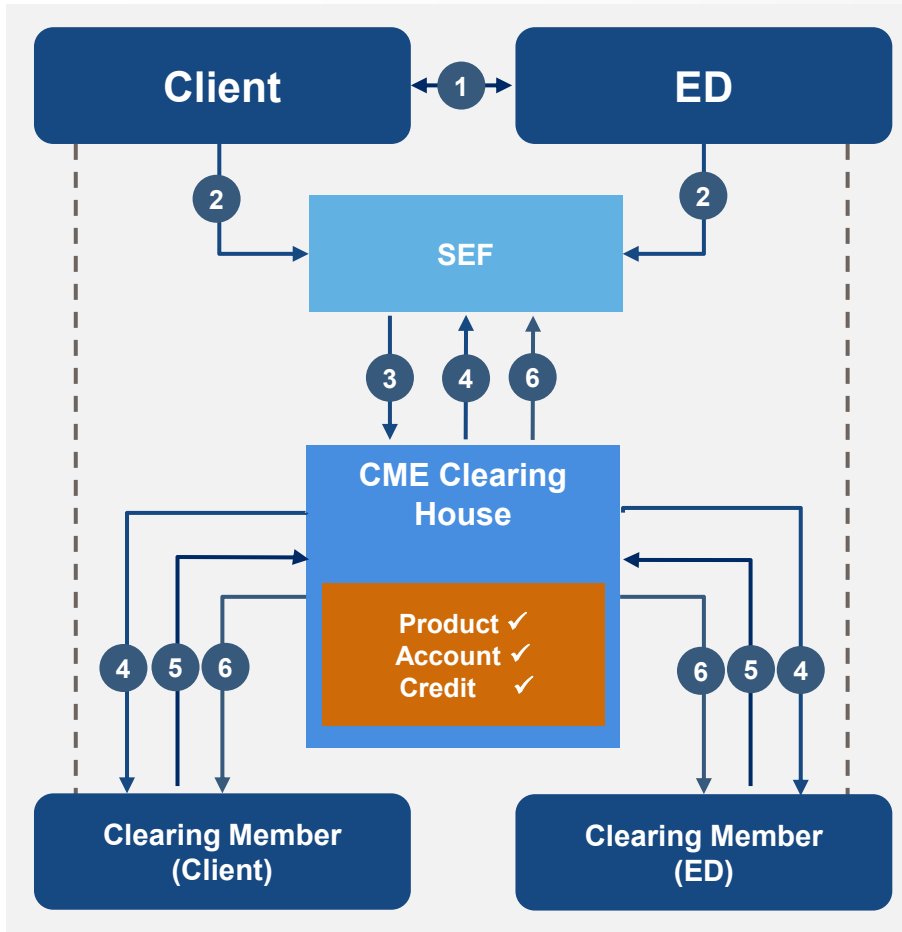
# SEF Workflow with Pre-Approval



- 1 Trade receives credit pre-approval from FCM (precedes this workflow)
- 2 Client executes trade with Executing Dealer (ED) on SEF
- 3 SEF sends trade to CME for Clearing
- 4 After validating product, account and applying credit limits set by CME, CME accepts swap for clearing
- 5 CME sends “Cleared” notification to SEF which displays trade status to principals
- 5 CME sends a Clearing Confirmation to FCMs

\*Please note a pre-approved trade does not go through request consent workflow.

# SEF Workflow without Pre-Approval



- 1 Client and ED execute voice trade
- 2 Trade is entered manually into SEF
- 3 SEF sends trade to CME for Clearing
- 4 CME sends "Pending FCM Approval" notification to SEF
- 4 "Clearing Consent" notifications sent to FCM (client) and FCM (ED)
- 5 Clearing Member of both parties accept the swap
- 6 CME sends "Cleared" notification to SEF which displays trade status to principals
- 6 CME sends a Clearing Confirmation to FCMs



# Advanced SEF Integration

CME Group's innovative technology enables the buy side to seamlessly transition to SEF execution

Solution	Description	Benefit
<b>Credit Limit Utilization</b>	<ul style="list-style-type: none"> <li>CME will publish the credit limit utilization on all request consent and clearing confirmation messages to Clearing Firms.</li> </ul>	<ul style="list-style-type: none"> <li>Provides greater transparency to clearing firms on the limits that CME sets, allowing those firms to better manage limits across their client accounts and lowering the chance of trades being rejected pre or post clearing.</li> </ul>
<b>Bunched Orders</b>	<ul style="list-style-type: none"> <li>CME will support clearing of bunched, or blocked, order in a "holding account" at their preferred FCM.</li> <li>Clients will then be able to allocate the cleared block across multiple end accounts</li> </ul>	<ul style="list-style-type: none"> <li>Clients that don't know the end client allocation prior to execution, or are unable to send the fully allocated order to the SEF via their OMS system will have the ability to post allocate the trade across their end accounts.</li> </ul>
<b>Order Grouping*</b>	<ul style="list-style-type: none"> <li>Will allow a client to submit individual orders for clearing, across multiple RFQs or CLOBs, that were executed at different prices and then group these orders post clearing.</li> <li>CME will net these orders real-time, calculating the average price of the orders.</li> <li>A new single order at the average price will then be cleared in the client's end accounts.</li> </ul>	<ul style="list-style-type: none"> <li>Allows clients the flexibility to allocate orders across SEFs while still ensuring "best execution" across their end client accounts. This solution can also be used on previously cleared trades for risk less compression of client portfolios.</li> </ul>
<b>Multiple Order Submission*</b>	<ul style="list-style-type: none"> <li>CME will support a "all or none" clearing model for multiple orders that a client would like to bunch together into a single clearing message.</li> <li>These orders will be reviewed as a single message with the ability to accept or reject the entire bunched order.</li> </ul>	<ul style="list-style-type: none"> <li>Allows clients the same functionality as the bunched order solution, without the FCM "holding account" requirement. Clients will have the ability to send orders across multiple RFQs or into a CLOB that results in multiple fills, which will also need to be allocated across multiple accounts. This solution will ensure the entire order is either accepted or rejected as a single bunched transaction.</li> </ul>

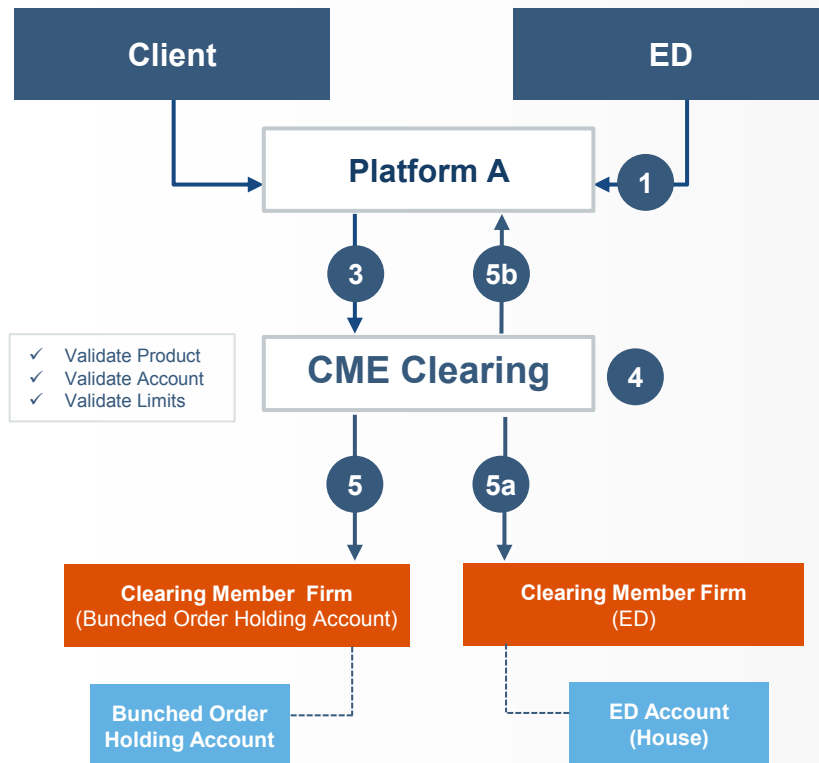
\*Not yet available. Expected in Q2 2014.

# Bunched Order Overview

Recent regulations require bunched orders to be sent for clearing immediately after execution

## CME Group's Solution

- Support clearing of bunched orders in a "Holding Account"
- Allow submission of allocations to the end customer account while offsetting the bunched order in the holding account
- 4 allocation methods available:
  - Allocations entered on SEF
  - Allocations entered on Platforms
  - Clearing Firm performs allocations using Transfer workflow in DMS
  - Spreadsheet upload using Transfer workflow via CME Client Services Team



- 1 ED alleges the bunched order to the Client.
- 2 Client affirms the bunched order while selecting the "Holding Account" at CMF.
- 3 Platform A sends the matched deal to CME Clearing.
- 4 CME Clearing validates the bunched order.
- 5 CME sends *Cleared* notice to Clearing Member Firms.
- 5a CME sends *Cleared* notice back to the platform.
- 5b CME sends *Cleared* notice back to the platform.

# CMECE Overview

# CME Clearing Europe Overview

## Offering a clearing solution under European regulation

### CME Clearing Europe: Clearing in Europe for a Global Customer Base

- CME Clearing Europe (CMECE) is a London-based clearing house, wholly-owned by CME Group
- CMECE has been established in London with the aim of offering services as a multi-product clearing house focused on non-US customers
- An additional clearing house with its own staff, governance arrangements and capital
- CME Clearing Europe is a Recognized Clearing House (RCH) for OTC Commodity and financial derivatives, regulated by the Bank of England

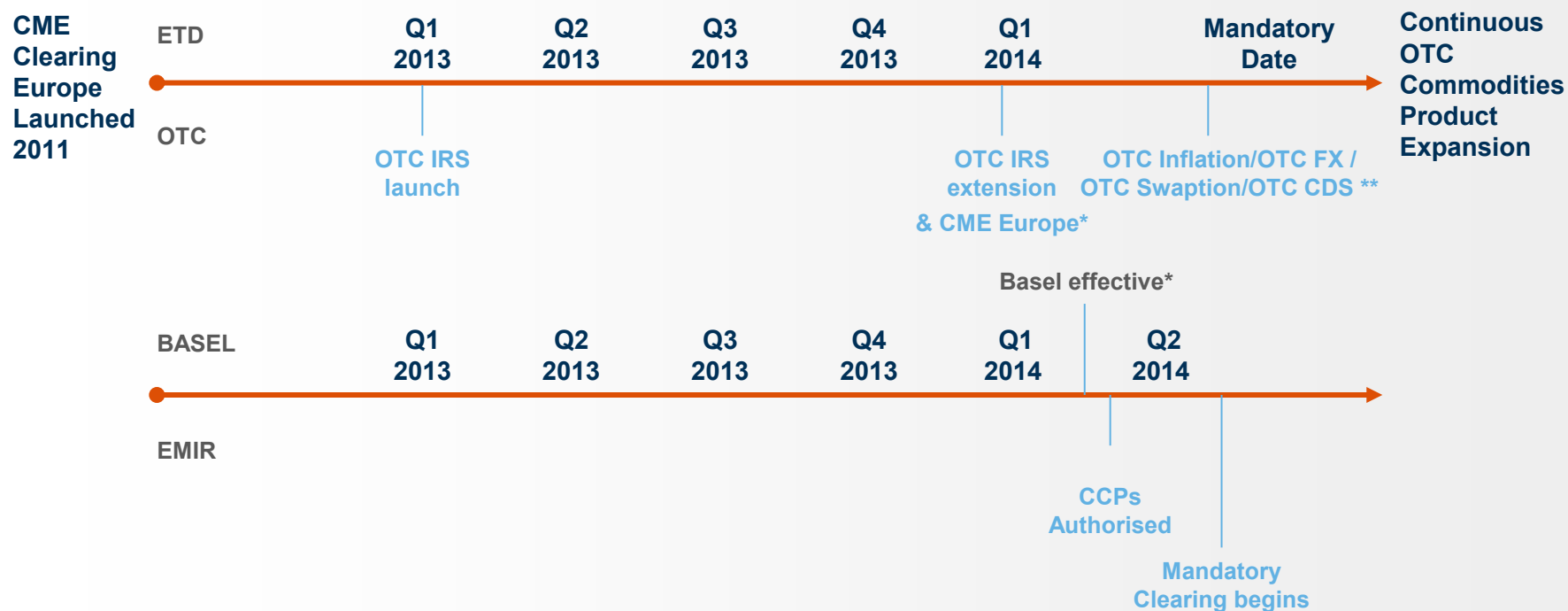
### Benefits

- European regulatory environment and English law (incl. insolvency law and clearing house statutory protections)
- European time zone
- Services tailored to European market practices
- Local proximity and easy access to our growing team of London-based specialists

# CME Clearing Europe - Scope of Services

CME Clearing Europe builds on CME Group's industry leading position in OTC Clearing, delivering a broad offering spanning Energy, Metals, Ags, Interest Rates, FX, and Credit

## CME Clearing Europe: Intended Scope of Service Progression



\* Subject to Regulatory Approvals

\*\* Subject to final development and Regulatory Approvals

Confidential.

# CMECE Open Access Clearing Solution

## Platforms Connected



## CMECE IRS Clearing Members



## Additional CMECE Clearing Members



- Negotiate, execute, and submit trades through multiple venues to CME Clearing
- Straight through processing and real-time confirmation once the trade is cleared
- Protects the confidentiality of trading relationships, while enabling customers to terminate positions with any market participant
- Operational flexibility of a multi asset class solution for IRS, CDS, FX, and Commodities via two clearinghouses

# OTC IRS: Expansion into Financial Products

## CME Clearing Europe cleared OTC IRS product scope

### Existing Products

Fixed/Float*	Tenor				Index		
	Years				Months		
	11	15	31	51	1	3	6
USD					●	●	●
EUR					●	●	●
GBP					●	●	●
CAD						●	
JPY					●		●
CHF							●
AUD						●	●
Phase 2 in Progress*							
SEK							●
DKK							●
NOK							●
Phase 3 – 2014*							
NZD						●	
HKD						●	
HUF							●
CZK							●
PLN							●
ZAR						●	
SGD							●

\*Pending regulatory approval

### Phase 2 in Progress\* Zero Coupon Swaps

USD | EUR | GBP

50 years

Overnight Index Swap (OIS)

USD | EUR | GBP | JPY

30 years

Basis Swaps

USD | EUR | GBP

51 years

AUD | JPY

31 years

Forward Rate Agreements (FRA)

USD | EUR | GBP | JPY

### Phase 3

- Variable Notional Swaps (Amortizers)
- Basis Swap: Fed Funds versus Libor

### ADDITIONAL PRODUCT LAUNCHES

Additional Currencies: MXN, BRL

Swaptions

Inflation Swaps: GBP, EUR

FRAs: Modified GBP

OIS: CAD out to 30 years

# Enhanced Protection of Client Collateral

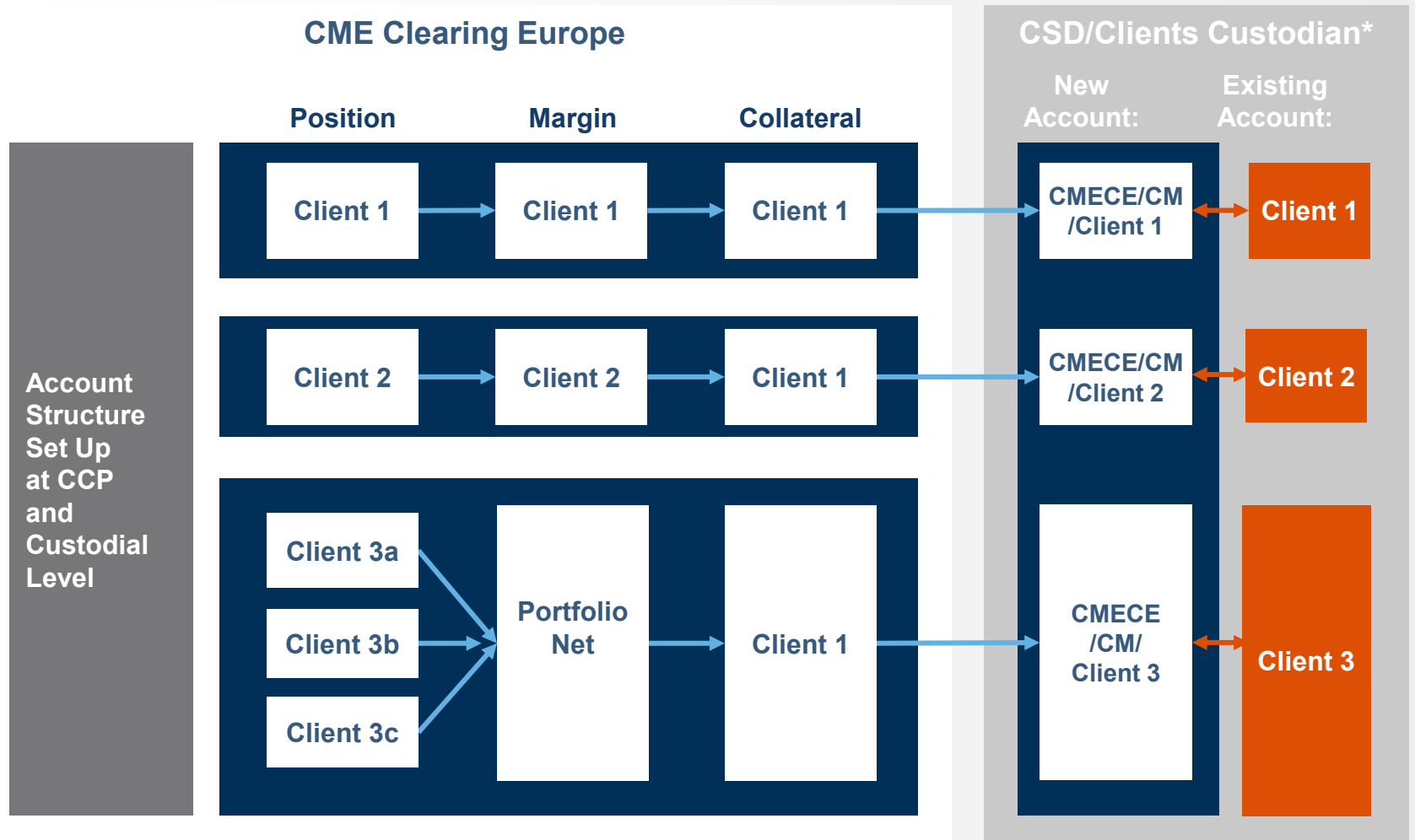
via CME Clearing Europe's Fully Segregated Account

**CME Clearing Europe is offering unique depth and breadth in terms of customer protection and segregation options**

- We offer three EMIR compliant customer account structures:
  - Gross omnibus account
  - Individual client account
  - Individual client account with full segregation of collateral
- Account structures and supporting documentation are designed to deliver transparency and legal certainty as relates to the treatment of client positions and assets in case of a clearing member default
- Customer protection and segregation options are available across all of our OTC commodities and OTC financial derivatives solutions



# Full Segregation: Legal and Operational Set-Up



\* Securities are held in an account at a Central Securities Depository (CSD). Client's custodian can facilitate operation of this client-individual account, enabling clients to leverage their existing custody relationships

# Additional Information

# Clearing Cycle Times - Daily

## New York    Local

1-1:15 A.M.	Overnight maintenance window stops clearing cycle
4:00 P.M. Tokyo	Capture quotes for <b>JPY (LIBOR &amp; OIS)</b>
4:30 P.M. Sydney	Capture quotes for <b>AUD (BBR-BBSW &amp; OIS)</b>
4:30 P.M. Wellington	Capture quotes for the <b>NZD (BBR)</b>
8:30 A.M.	Settlement banks confirm USD VM and Initial Margin call (portfolio) from previous day's clearing cycle – <b>USD, EUR, GBP</b> and <b>CAD</b> cash moves at the settlement bank shortly thereafter. ( <b>JPY, CHF</b> and <b>AUD</b> are confirmed at this time, but cash moves on <b>T+2</b> )
3:00 P.M.	Capture quotes for <b>USD (LIBOR &amp; OIS)</b> and <b>CAD (CDOR &amp; OIS)</b> .
4:30 P.M. Hong Kong & Singapore	Capture quotes for the following currencies: <ul style="list-style-type: none"> <li>• <b>HKD (HIBOR)</b></li> <li>• <b>SGD (SOR)</b></li> </ul>
4:00 P.M. SAST	Capture quotes for the following currencies: <ul style="list-style-type: none"> <li>• <b>ZAR (JIBAR)</b></li> </ul>
4:00 P.M. CET	Capture quotes for the following currencies: <ul style="list-style-type: none"> <li>• <b>SEK (STIBOR), DKK (CIBOR/CIBOR2), NOK (NIBOR)</b></li> <li>• <b>CZK (PRIBOR), PLN (WIBOR), HUF (BUBOR)</b></li> </ul>
4:00 P.M. London	Capture quotes for the following currencies: <ul style="list-style-type: none"> <li>• <b>EUR (EURIBOR &amp; OIS)</b></li> <li>• <b>GBP (LIBOR &amp; OIS)</b></li> <li>• <b>CHF (LIBOR)</b></li> </ul>
7:00 P.M.	Same day trade submission/acceptance deadline for <b>all</b> currencies. Generate combined end-of-day Clearing reports for <b>all</b> currencies including Trade Register.
8:00 P.M.	Calculate Initial Margin for entire portfolio.
10:00 P.M.	Settlement instructions for <b>all</b> currencies are sent to settlement banks.

# Clearing Cycle Times - Daily

New York

Day

6:00 P.M.

Sunday

CME Clearing opens for business

1-1:15 A.M.

Monday

Overnight maintenance window stops clearing cycle

7:00 P.M.

Clearing cutoff for Monday's business date

1-1:15 A.M.

Tuesday

Overnight maintenance window stops clearing cycle

7:00 P.M.

Clearing cutoff for Tuesday's business date

1-1:15 A.M.

Wednesday

Overnight maintenance window stops clearing cycle

7:00 P.M.

Clearing cutoff for Wednesday's business date

1-1:15 A.M.

Thursday

Overnight maintenance window stops clearing cycle

7:00 P.M.

Clearing cutoff for Thursday's business date

1-1:15 A.M.

Friday

Overnight maintenance window stops clearing cycle

7:00 P.M.

CME Clearing closes until following Sunday

Saturday

CME Clearing closed Saturday

# Contacts

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