Advisory Notice

TO: Eris Exchange Participant Firms, Clearing Firms, and Brokers

FROM: Eris Exchange Control Center

ADVISORY: #11-05

DATE: September 19, 2011

SUBJECT: **Eris Exchange migration to CME HVAR margin calculation methodology**

Migration to CME HVAR margin methodology

Starting Monday, September 19th, 2011 CME Clearing will migrate Eris Exchange products to the Historical Value at Risk (HVAR) margin methodology, which provides significantly enhanced treatment for portfolios of Eris Interest Rate Swap Future positions. For more information on the CME HVAR margin methodology, please contact CME Risk Management at 312-648-3888.

Operational Impact

Registered Clearing Firms are required to daily process of HVAR Margin Calculation described below. Eris Exchange and CME Clearing continue to be available to support any Clearing Firms requiring additional testing.

There is no known operational impact to participant or broker firms. In the testing process, participant and broker firms may be asked by clearing firms to assist in the verification of certain pieces of information related to the margin conversion process.

Daily Process of HVAR Margin Calculation

- Clearing Firm transmits an end-of-day position file to CME Clearing.

- CME Clearing performs margin calculations using the HVAR methodology, and transmits back to the Clearing Firm, within one hour, a file specifying margin required for each account.

- Clearing Firm uploads the margin results file into back office systems, as needed.

The above process is fully automatable using existing Incoming and Outgoing CME sFTP folder structure. For more details on the daily process described above, and to request additional testing, please contact the Eris Exchange Control Center, 888-587-2699, Option 1.