

April 12, 2012

**BY ELECTRONIC FILING: [submissions@cftc.gov](mailto:submissions@cftc.gov)**

Mr. David Stawick  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.B.  
Washington, D.C. 20581

**Re: CME Clearing Portfolio Margining for Eris Exchange and CME Interest Rate Futures Advisory and Related Eris Exchange Advisory (Eris Exchange Submission #2012-03)**

Dear Mr. Stawick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended, (the "Act") and Commission Regulation 40.6(a), Eris Exchange, LLC ("Eris Exchange" or the "Exchange") hereby notifies the Commodity Futures Trading Commission (the "Commission") that beginning on April 30, 2012, Eris Exchange's Clearing House, Chicago Mercantile Exchange, Inc. ("CME Clearing"), will begin offering portfolio margining of CME Eurodollar futures together with Eris Exchange Interest Rate Swap Futures. The Exchange has attached a copy of the CME Clearing Advisory Notice as Attachment A. The Exchange has been advised that CME Clearing will be filing a notification with the Commission related to Clearing Advisory. The Exchange has attached a copy of the Eris Exchange Advisory Notice as Attachment B ("Exchange Advisory").

As the Exchange Advisory relates to the operations of CME Clearing, the Exchange Advisory does not alter or amend any existing Exchange Rule. The Exchange Advisory is consistent with the Core Principles of the Act, specifically those sections of Core Principle 9 (Execution of Transactions) and Core Principle 11 (Financial Integrity of Transactions) that reference the rules of the Exchange's Clearing House.

The Exchange certifies that the Exchange Advisory complies with the Act and the regulations thereunder. There were no substantive opposing views to the Exchange Advisory. The Exchange certifies that this submission has been concurrently posted on the Exchange's website at <http://www.erisfutures.com/rules-notices-policies>.

In the event that you have questions, please contact me at 312-626-2681 or [stephen.humenik@erisfutures.com](mailto:stephen.humenik@erisfutures.com).

Sincerely,



Stephen M. Humenik  
General Counsel and Chief Regulatory Officer

## ATTACHMENT A



12-148

DATE: April 12, 2012 (originally published April 4)

TO: Clearing Member Firms

FROM: CME Clearing

SUBJECT: **Portfolio Margining for Eris Exchange and CME Interest Rate Futures to Begin on Monday April 30, 2012**

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**REVISION #1 – April 12: the effective date of this program is April 30 – not April 16 as originally published.**

On **Monday April 30, 2012**, pending regulatory approval, CME Clearing will begin offering portfolio margining of CME Eurodollar futures together with Eris Exchange Interest Rate Swap futures. The program will be available for both customer and house accounts on that date, and will be extended to other CME Group interest-rate futures shortly thereafter.

The program will allow accounts with offsetting positions in Eurodollars and Eris Exchange contracts to obtain risk offsets and, hence, lower performance bond (initial margin) requirements. Actual risk offsets vary by portfolio, but can reach as high as 95% for highly correlated positions.

To take advantage of the program, clearing firms will use special firm numbers for interest rate futures trades to be margined together with Eris Exchange contracts, in exactly the same manner as is used for the Eris Exchange contracts themselves. You can execute directly with the special firm number, do an allocation on trade date, or do a transfer at any time, and such allocations or transfers will be exempt from fees.

This program should not be confused with CME's program for portfolio margining for interest-rate futures together with CME-cleared interest-rate swaps, which launches on Monday, May 7, 2012 for house accounts.

The reduced margin requirements will be reflected in the datafiles provided by CME Clearing to FCM's with customer positions in Eris contracts. Firms may also use CME's margin software to verify margin calculations for these portfolios and perform what-if analysis.

For more information, please contact Mahmoud Ajamia at CME Clearing at 312-634-1595.



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## Advisory Notice

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TO: Eris Exchange Market Participants

FROM: Eris Exchange Control Center and Market Regulation Department

ADVISORY: #12-02

DATE: April 12, 2012

SUBJECT: CME Clearing Portfolio Margining for Eris Exchange and CME Interest Rate Futures Advisory

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CME Clearing will begin offering portfolio margining of CME Eurodollar futures together with Eris Exchange Interest Rate Swap futures on Monday April 30, 2012. The program will be available for both customer and house accounts on that date, and will be extended to other CME Group interest-rate futures shortly thereafter.

The attached CME Clearing Portfolio Margining for Eris Exchange and CME Interest Rate Futures Advisory provides the details related to this program.

For more information or to setup testing please contact the Eris Control Center at 888-587-2699, Option 1, [ErisControlCenter@erisfutures.com](mailto:ErisControlCenter@erisfutures.com)

You are receiving this email as you are subscribed to [Notices@erisfutures.com](mailto:Notices@erisfutures.com). If you would like to unsubscribe or if you know of someone that should be on this distribution please contact the [ErisControlCenter@erisfutures.com](mailto:ErisControlCenter@erisfutures.com).

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