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CME Group to Exit OTC Credit Clearing Business, Return \$650M in Capital to Clearing Members

Company to Focus OTC Clearing Services on IRS, FX

CHICAGO, Sept. 14, 2017 /PRNewswire/ -- CME Group today announced that it will exit the company's credit default swap (CDS) clearing business by mid-2018, freeing up \$650 million in clearing member capital. Going forward, in order to meet customer needs in light of uncleared margin rules, CME will focus its over-the-counter (OTC) clearing services on [interest rate swaps](#) (IRS) and [foreign exchange](#) (FX), as well as on developing further capital efficiencies for market participants.

CME Group will work with CDS open interest holders and regulators to ensure an efficient and seamless transition for the credit market. During this transition, CME will continue to provide full clearing services so that participants can continue to manage their risk, including the roll to CDX 29. Pending regulatory approval, the company will provide fee waivers on CDS clearing, as well as facilitate the bulk transfer of open positions. Following the transition, CME will dissolve CME Clearing's CDS guarantee fund, which will return \$650 million to CDS clearing members.

The company also will accelerate additional OTC clearing innovations to provide further efficiencies to market participants, including:

- ┆ Launching OTC FX options clearing by the end of 2017.
- ┆ Delivering cleared OTC IRS in Chinese yuan, Chilean peso and Colombian peso by early 2018, which will bring the company's industry-leading cleared IRS product scope to 24 currencies.
- ┆ Expanding capital efficiencies for OTC IRS and FX - an area where CME Group has the unique ability to deliver value on an ongoing basis due to offsets available between its listed and OTC FX and IRS products. Portfolio margining has generated an additional \$2 billion in initial margin reductions for market participants in Q3.

More information on the company's OTC products and services can be found at www.cmegroup.com/otc.

As the world's leading and most diverse derivatives marketplace, CME Group (www.cmegroup.com) is where the world comes to manage risk. Through its exchanges, CME Group offers the widest range of global benchmark products across all major asset classes, including futures and options based on [interest rates](#), [equity indexes](#), [foreign exchange](#), [energy](#), [agricultural products](#) and [metals](#). CME Group provides electronic trading globally on its [CME Globex](#) platform. The company also offers clearing and settlement services across asset classes for exchange-traded and over-the-counter derivatives through [CME Clearing](#). CME Group's products and services ensure that businesses around the world can effectively manage risk and achieve growth.

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