

# Joint Audit Committee

## Regulatory Update

TO: Chief Financial Officers 04-02  
Chief Compliance Officers

DATE: March 29, 2004

SUBJECT: **Revised**: Margins Handbook Update–Margin Deposits Acceptability by Exchange Exhibit

On June 17, 2003 JAC Regulatory Update #03-04 was issued with an updated Margin Deposits Acceptability by Exchange Exhibit contained in Chapter 3 of the Margins Handbook. Attached you will find an updated exhibit.

Please note, there are five changes to the exhibit: 1) CME does not accept warehouse receipts, 2) MGE only accepts wheat, corn, and soybean warehouse receipts, 3) CBOT accepts letters of credit, 4) BrokerTec Futures Exchange was deleted, and 5) U.S. Futures Exchange L.L.C. (Eurex US) was added.

Please refer to the individual exchange rules indicated on the chart for specific requirements and collateral valuation/haircuts.

If you have any questions, please consult your DSRO.

**MARGIN DEPOSITS ACCEPTABILITY BY EXCHANGE  
AS OF MARCH 29, 2004**

Exchange/ Division	Rule	Foreign Currencies	U.S. Gov't Obligations	U.S. Gov't Agencies	Municipal Bonds	Equity Securities	U.S. Deliverable Warehouse Receipts	Irrevocable Letters of Credit	Loans	Other
<b>CBOT</b>	CBOT 431.02	YES	YES	YES	YES	YES	YES	YES	NO	Any Readily Marketable Security, MMMF*
<b>CME</b>	CME 930.C.	YES	YES	YES	YES	YES	NO	YES	YES (If Secured)	Any Readily Marketable Security, MMMF*
<b>KCBOT</b>	KCBOT 1160.01	NO	YES	NO	NO	YES	NO	NO	NO	NO
<b>MGE</b>	MGE 760	YES	YES	YES	YES	YES	YES (Wheat, Corn and Soybeans only)	YES	YES (If Secured)	NO
<b>NQLX</b>	NQLX 334(d)	YES	YES	YES	YES	YES	NO	NO	NO	Any Readily Marketable Security, MMMF*
<b>NYBOT:</b>										
<b>CITRUS</b>	CITRUS 24	Selected Foreign Currencies	YES	YES	YES	YES	YES (Frozen Con. OJ only)	NO	YES (If Secured) (Futures Only)	Negotiable shipping certificates issued by Exchange licensed facilities, MMMF*
<b>CSCE</b>	CSCE 4.04(b)	British Pounds	YES	NO	NO	YES	YES (Coffee and Cocoa only)	NO	YES (If Secured) (Futures Only)	MMMF*
<b>NYBOT/NYCE (Cotton/FINEX)</b>	NYBOT/NYCE 2.04(b)	Selected Foreign Currencies	YES	YES	YES	YES	YES (Cotton only)	NO	YES (If Secured) (Futures Only)	MMMF*
<b>NYFE</b>	NYFE 703(d)(ii)	YES	YES	NO	NO	YES	NO	YES	YES	MMMF*
<b>NYMEX:</b>										
<b>NYMEX</b>	NYMEX 4.01(E)(1)	YES	YES (if maturity < 10 yrs)	YES (FNMA only)	NO	YES	YES (NYMEX/COMEX products only)	YES	YES (If Secured)	NO
<b>COMEX</b>	NYMEX 4.01(E)(2)	YES	YES	YES (FNMA, GNMA only)	NO	YES	YES (NYMEX/COMEX products only)	YES	YES	NO
<b>OneChicago</b>	OneChicago 515(d)	YES	YES	YES	YES	YES	NO	NO	NO	MMMF*, Margin Securities as defined by Regulation T
<b>PBOT</b>	PBOT 1006(d)(2)	YES	YES	NO	YES	YES	NO	YES	NO	NO
<b>USFE (Eurex US)</b>	USFE Bulletin 04-001	YES	YES	YES	YES	YES	YES	YES	NO	Any Readily Marketable Security, MMMF*

**Notes:** All exchanges accept U.S. dollars. For all acceptable margin deposits, specific requirements, and their respective valuation/haircuts, refer to the individual exchange rules noted above.

\* MMMFs are acceptable under CFTC 1.25 for futures and options on futures contracts and under CFTC 41.46(b)(2) for security futures products.