



TO: Clearing Member Firms  
Chief Financial Officers  
Back Office Managers  
Margin Managers

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Monday, January 29, 2018

***To receive advanced notification of Performance Bond (margin) changes, through our free automated mailing list, go to***

***<http://www.cmegroup.com/newsletter/web2lead/web2sf-old.html>***

***and subscribe to the Performance Bond Rates Advisory Notice listserver.***

As per the normal review of market volatility to ensure adequate collateral coverage, the Chicago Mercantile Exchange Inc., Clearing House Risk Management staff approved the performance bond requirements for the following products listed below.

The rates will be effective after the close of business on

**Tuesday, January 30, 2018.**

Current rates as of:

**Monday, January 29, 2018.**

In this current advisory there are changes to the Short Option Minimum and/or the Volatility Scan Range. Below are descriptions of what each change affects:

The Short Option Minimum (SOM) is a charge that is applied only to portfolios concentrated in short options that do not generate a minimum margin requirement level when margins are calculated using the normal 16 SPAN scenarios. The SOM charge per short calls or short puts is a percentage of the outright margin on one underlying futures contract.

The volatility scan range is the change in implied volatility that is used in each of SPAN's 16 scenarios.

# SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

| CC | Rate Type | Description | Change | ISO | Current Initial | Current Maintenance | New Initial | New Maintenance |
|----|-----------|-------------|--------|-----|-----------------|---------------------|-------------|-----------------|
|----|-----------|-------------|--------|-----|-----------------|---------------------|-------------|-----------------|

## Outright Rates

### AGRICULTURE - Outright Rates

#### ROUGH RICE FUTURES (14)

|    |              |           |          |     |       |       |     |     |
|----|--------------|-----------|----------|-----|-------|-------|-----|-----|
| 14 | Spec         | Months 3+ | Decrease | USD | 1,210 | 1,100 | 990 | 900 |
| 14 | Hedge/Member | Months 3+ | Decrease | USD | 1,100 | 1,100 | 900 | 900 |

### CRUDE OIL SPREADS - Outright Rates

#### ARGUS LLS VS. WTI (ARG) TRD M (E5)

|    |              |           |          |     |     |     |     |     |
|----|--------------|-----------|----------|-----|-----|-----|-----|-----|
| E5 | Spec         | Mnth 1    | Increase | USD | 715 | 650 | 935 | 850 |
| E5 | Hedge/Member | Mnth 1    | Increase | USD | 650 | 650 | 850 | 850 |
| E5 | Spec         | Mnths 2-4 | Increase | USD | 605 | 550 | 880 | 800 |
| E5 | Hedge/Member | Mnths 2-4 | Increase | USD | 550 | 550 | 800 | 800 |
| E5 | Spec         | Mnth 5+   | Increase | USD | 440 | 400 | 660 | 600 |
| E5 | Hedge/Member | Mnth 5+   | Increase | USD | 400 | 400 | 600 | 600 |

#### MARS (ARGUS) V WTI FUT (YX)

|    |              |           |          |     |     |     |     |     |
|----|--------------|-----------|----------|-----|-----|-----|-----|-----|
| YX | Spec         | Mnth 1    | Increase | USD | 660 | 600 | 825 | 750 |
| YX | Hedge/Member | Mnth 1    | Increase | USD | 600 | 600 | 750 | 750 |
| YX | Spec         | Mnths 2-4 | Increase | USD | 468 | 425 | 605 | 550 |
| YX | Hedge/Member | Mnths 2-4 | Increase | USD | 425 | 425 | 550 | 550 |
| YX | Spec         | Mnths 5+  | Increase | USD | 413 | 375 | 468 | 425 |
| YX | Hedge/Member | Mnths 5+  | Increase | USD | 375 | 375 | 425 | 425 |

#### MARS (ARGUS) V WTI TRD MTH FUT (YV)

|    |              |           |          |     |     |     |     |     |
|----|--------------|-----------|----------|-----|-----|-----|-----|-----|
| YV | Spec         | Mnth 1    | Increase | USD | 660 | 600 | 825 | 750 |
| YV | Hedge/Member | Mnth 1    | Increase | USD | 600 | 600 | 750 | 750 |
| YV | Spec         | Mnths 2-4 | Increase | USD | 468 | 425 | 605 | 550 |
| YV | Hedge/Member | Mnths 2-4 | Increase | USD | 425 | 425 | 550 | 550 |
| YV | Spec         | Mnths 5+  | Increase | USD | 413 | 375 | 550 | 500 |
| YV | Hedge/Member | Mnths 5+  | Increase | USD | 375 | 375 | 500 | 500 |

#### WTI HOUSTON ARGUS V. WTI FINANCIAL (HIL)

|     |              |          |          |     |     |     |     |     |
|-----|--------------|----------|----------|-----|-----|-----|-----|-----|
| HIL | Spec         | Mnth1    | Increase | USD | 660 | 600 | 880 | 800 |
| HIL | Hedge/Member | Mnth1    | Increase | USD | 600 | 600 | 800 | 800 |
| HIL | Spec         | Mnth 2   | Increase | USD | 440 | 400 | 550 | 500 |
| HIL | Hedge/Member | Mnth 2   | Increase | USD | 400 | 400 | 500 | 500 |
| HIL | Spec         | Mnths 3+ | Increase | USD | 330 | 300 | 440 | 400 |
| HIL | Hedge/Member | Mnths 3+ | Increase | USD | 300 | 300 | 400 | 400 |

#### WTI MIDLAND (ARG) VS. WTI TRADE MTH (WTT)

|     |      |        |          |     |     |     |     |     |
|-----|------|--------|----------|-----|-----|-----|-----|-----|
| WTT | Spec | Mnth 1 | Increase | USD | 605 | 550 | 660 | 600 |
|-----|------|--------|----------|-----|-----|-----|-----|-----|

## SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

| CC                                              | Rate Type    | Description | Change   | ISO | Current Initial | Current Maintenance | New Initial | New Maintenance |
|-------------------------------------------------|--------------|-------------|----------|-----|-----------------|---------------------|-------------|-----------------|
| <b>Outright Rates</b>                           |              |             |          |     |                 |                     |             |                 |
| WTT                                             | Hedge/Member | Mnth 1      | Increase | USD | 550             | 550                 | 600         | 600             |
| WTT                                             | Spec         | Mnths 2-3   | Increase | USD | 440             | 400                 | 550         | 500             |
| WTT                                             | Hedge/Member | Mnths 2-3   | Increase | USD | 400             | 400                 | 500         | 500             |
| WTT                                             | Spec         | Mnths 4-7   | Increase | USD | 275             | 250                 | 385         | 350             |
| WTT                                             | Hedge/Member | Mnths 4-7   | Increase | USD | 250             | 250                 | 350         | 350             |
| WTT                                             | Spec         | Mnths 8+    | Increase | USD | 275             | 250                 | 330         | 300             |
| WTT                                             | Hedge/Member | Mnths 8+    | Increase | USD | 250             | 250                 | 300         | 300             |
| <b>WTI MIDLAND(ARGUS) VS WTI FINCL FUT (FF)</b> |              |             |          |     |                 |                     |             |                 |
| FF                                              | Spec         | Mnth 2      | Increase | USD | 385             | 350                 | 550         | 500             |
| FF                                              | Hedge/Member | Mnth 2      | Increase | USD | 350             | 350                 | 500         | 500             |
| FF                                              | Spec         | Mnths 3-5   | Increase | USD | 330             | 300                 | 440         | 400             |
| FF                                              | Hedge/Member | Mnths 3-5   | Increase | USD | 300             | 300                 | 400         | 400             |
| FF                                              | Spec         | Mths 6+     | Increase | USD | 275             | 250                 | 385         | 350             |
| FF                                              | Hedge/Member | Mths 6+     | Increase | USD | 250             | 250                 | 350         | 350             |
| <b>WTS (ARGUS) V WTI TRD MTH FUT (FH)</b>       |              |             |          |     |                 |                     |             |                 |
| FH                                              | Spec         | Mnth 1      | Increase | USD | 660             | 600                 | 715         | 650             |
| FH                                              | Hedge/Member | Mnth 1      | Increase | USD | 600             | 600                 | 650         | 650             |
| FH                                              | Spec         | Mnths 2     | Increase | USD | 495             | 450                 | 578         | 525             |
| FH                                              | Hedge/Member | Mnths 2     | Increase | USD | 450             | 450                 | 525         | 525             |
| FH                                              | Spec         | Mnths 3-7   | Increase | USD | 385             | 350                 | 468         | 425             |
| FH                                              | Hedge/Member | Mnths 3-7   | Increase | USD | 350             | 350                 | 425         | 425             |
| FH                                              | Spec         | Mnths 8+    | Increase | USD | 385             | 350                 | 468         | 425             |
| FH                                              | Hedge/Member | Mnths 8+    | Increase | USD | 350             | 350                 | 425         | 425             |

## SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

| CC | Rate Type | Description | Change | ISO | Current Initial | Current Maintenance | New Initial | New Maintenance |
|----|-----------|-------------|--------|-----|-----------------|---------------------|-------------|-----------------|
|----|-----------|-------------|--------|-----|-----------------|---------------------|-------------|-----------------|

### Intra Spreads

| Rate Type | Change | Ratio | Current Initial | Current Maintenance | New Initial | New Maintenance |
|-----------|--------|-------|-----------------|---------------------|-------------|-----------------|
|-----------|--------|-------|-----------------|---------------------|-------------|-----------------|

### Inter-commodity Spread Rates

#### CRUDE OIL SPREADS - Inter-commodity Spread Rates

**WTI HOUSTON (ARGUS) VS. WTI TRADE MONTH FUTURES (NY-HTT - CME) vs WTI MIDLAND (ARGUS) VS. WTI TRADE MONTH FUTURES (NY-WTT - CME)**

|                    |          |       |     |     |     |     |
|--------------------|----------|-------|-----|-----|-----|-----|
| Spread Credit Rate | Decrease | +1:-1 | 85% | 85% | 75% | 75% |
|--------------------|----------|-------|-----|-----|-----|-----|

#### NATURAL GAS - Inter-commodity Spread Rates

**NATURAL GAS PIPELINE CO. OF AMERICA (NGPL) MID-CON (NYM-NL - CME) vs VENTURA BASIS SWAP (PLATTS IFERC) (NYM-PF - CME)**

|                    |          |       |     |     |     |     |
|--------------------|----------|-------|-----|-----|-----|-----|
| Spread Credit Rate | Decrease | +1:-1 | 50% | 50% | 45% | 45% |
|--------------------|----------|-------|-----|-----|-----|-----|

**PANHANDLE BASIS SWAP (PLATTS IFERC) (NYM-PH - CME) vs VENTURA BASIS SWAP (PLATTS IFERC) (NYM-PF - CME)**

|                    |          |       |     |     |     |     |
|--------------------|----------|-------|-----|-----|-----|-----|
| Spread Credit Rate | Decrease | +1:-1 | 50% | 50% | 40% | 40% |
|--------------------|----------|-------|-----|-----|-----|-----|

**VENTURA BASIS SWAP (PLATTS IFERC) (NYM-PF - CME) vs NORTHERN NATURAL GAS DEMARCATION BASIS SWAP (PLATT (NYM-PE - CME)**

|                    |          |       |     |     |     |     |
|--------------------|----------|-------|-----|-----|-----|-----|
| Spread Credit Rate | Decrease | +1:-1 | 60% | 60% | 45% | 45% |
|--------------------|----------|-------|-----|-----|-----|-----|

**VENTURA BASIS SWAP (PLATTS IFERC) FUTURES (NY-PF - CME) vs ONEOK, OKLAHOMA BASIS SWAP (PLATTS IFERC) FUTURES (NY-8X - CME)**

|                    |          |       |     |     |    |    |
|--------------------|----------|-------|-----|-----|----|----|
| Spread Credit Rate | Decrease | +1:-1 | 40% | 40% | 0% | 0% |
|--------------------|----------|-------|-----|-----|----|----|