CME Group

A CME/Chicago Board of Trade/NYMEX Company

09-553

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements:

DATE: Monday, December 14, 2009

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, December 15, 2009.

The CDS products will be margined through the CME multi-factor margin model that utilized seven factors to assess the risk exposures of the products and then aggregates those factors and compares them to portfolio minimum amounts to arrive at the total maintenance margin amount. Initial margin will be calculated at 1.1x the maintenance margin.

Factor			Factor Value	
Systematic			13.0%	
Sector			14.0%	
Curve		1 yr	6.50%	
		3 yr	4.00%	
		5 yr	0.00%	
		7 yr	2.50%	
		10 yr	3.25%	
Convergence/ Divergence		IG/HY	+1.7/-1.7	
		IG/HY	-1.7/+1.7	
Basis		IG	0.65%	
		HY	1.60%	
Idiosyncratic	Tier	Spread bps	% of Notional	
	1	0-50	1.00%	
	2	51-75	1.50%	
	3	76-100	2.50%	
	4	101-150	3.00%	
	5	151-200	4.50%	
	6	201-300	5.50%	
	7	301-400	6.60%	
	8	401-500	8.00%	
	9	501-750	8.00%	
	10	751-1000	10.00%	
	11	1001-1500	13.00%	
	12	1501-2000	23.00%	
	13	>2000	33.00%	
Liquidity Risk Factors	Tier	Spread bps	Minimum Threshold ($Millions)	Liquidity Factor (Percent)
	1	0-50	250	0.125
	2	51-75	200	0.150
	3	76-100	200	0.200
	4	101-150	150	0.225
	5	151-200	150	0.300
	6	201-300	125	0.375
	7	301-400	100	0.400
	8	401-500	100	0.500
	9	501-750	75	0.5625
	10	751-1000	50	1.000
	11	1001-1500	50	1.000
	12	1501-2000	35	1.250
	13	>2000	25	1.500
Gross Notional Minimums				
Investment Grade Index				1.00%