



11-238

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Friday, July 08, 2011

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 **Saturday, July 09, 2011.**

Current rates as of:

Thursday, July 07, 2011.

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

DAP FOB NOLA SWAP FUTURE (DFL)

DFL	Spec		New	USD			12,100	11,000
DFL	Hedge/Member		New	USD			11,000	11,000

DAP FOB TAMPA SWAP FUTURE (DFT)

DFT	Spec		New	USD			13,200	12,000
DFT	Hedge/Member		New	USD			12,000	12,000

UAN FOB US GULF COAST SWAP FUTURE (UFU)

UFU	Spec		New	USD			8,250	7,500
UFU	Hedge/Member		New	USD			7,500	7,500

UREA FOB NOLA SWAP FUT (UFN)

UFN	Spec		New	USD			11,000	10,000
UFN	Hedge/Member		New	USD			10,000	10,000

ELECTRICITY - Outright Rates

MDWST ISO IND HUB 5MWPK CALMO SWAP (MII)

MII	Spec	Tier 1	New	USD			385	350
MII	Hedge/Member	Tier 1	New	USD			350	350
MII	Spec	Tier 2	New	USD			385	350
MII	Hedge/Member	Tier 2	New	USD			350	350
MII	Spec	Tier 3	New	USD			385	350
MII	Hedge/Member	Tier 3	New	USD			350	350
MII	Spec	Tier 4	New	USD			385	350
MII	Hedge/Member	Tier 4	New	USD			350	350

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
Intra Spreads								
AGRICULTURE - Intra Spreads								
DAP FOB NOLA SWAP FUTURE - ALL MONTHS (DAP FOB NOLA SWAP FUTURE)								
DFL	Spec		New	USD			2,200	2,000
DFL	Hedge/Member		New	USD			2,000	2,000
DAP FOB TAMPA SWAP FUTURE - ALL MONTHS (DAP FOB TAMPA SWAP FUTURE)								
DFT	Spec		New	USD			2,200	2,000
DFT	Hedge/Member		New	USD			2,000	2,000
UAN FOB NOLA SWAP FUTURE - ALL MONTHS (UAN FOB US GULF COAST SWAP FUTURE)								
UFU	Spec		New	USD			2,200	2,000
UFU	Hedge/Member		New	USD			2,000	2,000
UREA (GRANULAR) FOB US GULF SWAP FUTURE - ALL MONTHS (UREA FOB NOLA SWAP FUT)								
UFN	Spec		New	USD			2,200	2,000
UFN	Hedge/Member		New	USD			2,000	2,000
ELECTRICITY - Intra Spreads								
Midwest ISO Indiana Hub 5 MW Peak Calendar-Month Day-Ahead Swap - All Months (MDWST ISO IND HUB 5MWPK CALMO SWAP)								
MII	Spec		New	USD			110	100
MII	Hedge/Member		New	USD			100	100

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	<u>Tier Description</u>	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
Short Option Minimum (SOM) Rate						
AGRICULTURE - Short Option Minimum (SOM) Rate						
DAP FOB NOLA SWAP FUTURE (DFL) - SOM						
Clearing Member Rate		New			55.00	50.00
DAP FOB TAMPA SWAP FUTURE (DFT) - SOM						
Clearing Member Rate		New			55.00	50.00
UAN FOB FOB NOLA SWAP FUTURE (UFU) - SOM						
Clearing Member Rate		New			55.00	50.00
UREA (GRANULAR) FOB US GULF SWAP FUTURE (UFN) - SOM						
Clearing Member Rate		New			55.00	50.00
COAL - Short Option Minimum (SOM) Rate						
COAL (API 2) CIF ARA (ARGUS/MCCLOSKEY) OPTION ON CALENDAR FUTURES STRIP (CLA) - SOM						
Clearing Member Rate		New			660.00	600.00
COAL (API 2) CIF ARA (ARGUS/MCCLOSKEY) OPTION ON QUARTERLY FUTURES STRIP (CQA) - SOM						
Clearing Member Rate		New			165.00	150.00
COAL (API 4) FOB RICHARDS BAY (ARGUS/MCCLOSKEY) OPTION ON CALENDAR FUTURES STRIP (RLA) - SOM						
Clearing Member Rate		New			660.00	600.00
COAL (API 4) FOB RICHARDS BAY (ARGUS/MCCLOSKEY) OPTION ON QUARTERLY FUTURES STRIP (RQA) - SOM						
Clearing Member Rate		New			165.00	150.00
ELECTRICITY - Short Option Minimum (SOM) Rate						
MIDWEST ISO INDIANA HUB 5MW PEAK CALENDAR MONTH DAY AHEAD SWAP (MII) - SOM						
Clearing Member Rate		New			55.00	50.00

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	Tier Description	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
Volatility Scan (volScan) Rate						
AGRICULTURE - Volatility Scan (volScan) Rate						
DAP FOB NOLA SWAP FUTURE (DFL) - volScan						
Clearing Member Rate		New				0.08
DAP FOB TAMPA SWAP FUTURE (DFT) - volScan						
Clearing Member Rate		New				0.08
UAN FOB NOLA SWAP FUTURE (UFU) - volScan						
Clearing Member Rate		New				0.08
UREA (GRANULAR) FOB US GULF SWAP FUTURE (UFN) - volScan						
Clearing Member Rate		New				0.08
COAL - Volatility Scan (volScan) Rate						
COAL (API 2) CIF ARA (ARGUS/MCCLOSKEY) OPTION ON CALENDAR FUTURES STRIP (CLA) - volScan						
Clearing Member Rate		New				0.06
COAL (API 2) CIF ARA (ARGUS/MCCLOSKEY) OPTION ON QUARTERLY FUTURES STRIP (CQA) - volScan						
Clearing Member Rate		New				0.06
COAL (API 4) FOB RICHARDS BAY (ARGUS/MCCLOSKEY) OPTION ON CALENDAR FUTURES STRIP (RLA) - volScan						
Clearing Member Rate		New				0.06
COAL (API 4) FOB RICHARDS BAY (ARGUS/MCCLOSKEY) OPTION ON QUARTERLY FUTURES STRIP (RQA) - volScan						
Clearing Member Rate		New				0.06
ELECTRICITY - Volatility Scan (volScan) Rate						
MIDWEST ISO INDIANA HUB 5MW PEAK CALENDAR MONTH DAY AHEAD SWAP (MII) - volScan						
Clearing Member Rate	Tier 1	New				0.08
Clearing Member Rate	Tier 2	New				0.08
Clearing Member Rate	Tier 3	New				0.08
Clearing Member Rate	Tier 4	New				0.08