12-080

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Friday, February 24, 2012

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 **Friday, February 24, 2012.**

Current rates as of:

Friday, February 24, 2012.

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								

ELECTRICITY - Outright Rates

PJM AEP 50 MW CAL STRIP SYNTH (PAS)

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
PAS	Spec		New	USD			72,600	66,000
PAS	Hedge/Member		New	USD			66,000	66,000

PJM NI HUB 50 LMP CAL STRIP SYNTH (PNS)

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
PNS	Spec		New	USD			72,600	66,000
PNS	Hedge/Member		New	USD			66,000	66,000

REFINED PRODUCTS - Outright Rates

SG VISCOSITY SPREAD BALMO (MSD)

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
MSD	Spec		New	USD			3,300	3,000
MSD	Hedge/Member		New	USD			3,000	3,000

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

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

Intra Spreads

ELECTRICITY - Intra Spreads

Synthetic PJM AEP Dayton Hub Peak 50 MW Calendar-Month LMP Option on Calendar Futures Strip - All Months (PJM AEP 50 MW CAL STRIP SYNTH)

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
PAS	Spec		New	USD			13,200	12,000
PAS	Hedge/Member		New	USD			12,000	12,000

Synthetic PJM Northern Illinois Hub Peak 50 MW Calendar-Month LMP Option on Calendar Futures Strip - All Months (PJM NI HUB 50 LMP CAL STRIP SYNTH)

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
PNS	Spec		New	USD			13,200	12,000
PNS	Hedge/Member		New	USD			12,000	12,000

REFINED PRODUCTS - Intra Spreads

Singapore Fuel Oil 180 cst vs. 380 cst Spread (Platts) BALMO Swap Futures - All Months (SG VISCOSITY SPREAD BALMO)

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
MSD	Spec		New	USD			550	500
MSD	Hedge/Member		New	USD			500	500

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	Change	Ratio	Current Initial	Current Maintenance	New Initial	New Maintenance
Inter-commodity Spread Rates						
PETROLEUM CRACKS AND SPREADS - Inter-commodity Spread Rates						
SINGAPORE FUEL OIL 180 CST VS. 380 CST SPREAD (PLATTS) SWAP FUTURES (NY-SD - CME) vs SINGAPORE FUEL OIL 180 CST VS. 380 CST SPREAD (PLATTS) BALMO SWAP FUTURES (NY-MSD - CME)						
Spread Credit Rate	New	+1:-1			75%	75%
REFINED PRODUCTS - Inter-commodity Spread Rates						
SINGAPORE FUEL OIL 180 CST VS. 380 CST SPREAD (PLATTS) SWAP FUTURES (NY-SD - CME) vs SINGAPORE FUEL OIL 180 CST VS. 380 CST SPREAD (PLATTS) BALMO SWAP FUTURES (NY-MSD - CME)						
Spread Credit Rate	New	+1:-1			75%	75%

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	Tier Description	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
Short Option Minimum (SOM) Rate						
ELECTRICITY - Short Option Minimum (SOM) Rate						
SYNTHETIC PJM AEP DAYTON HUB PEAK 50 MW CALENDAR-MONTH LMP OPTION ON CALENDAR FUTURES STRIP (PAS, PJP) - SOM						
Clearing Member Rate		New			550.00	500.00
SYNTHETIC PJM NORTHERN ILLINOIS HUB PEAK 50 MW CALENDAR-MONTH LMP OPTION ON CALENDAR FUTURES STRIP (PJH, PNS) - SOM						
Clearing Member Rate		New			550.00	500.00
REFINED PRODUCTS - Short Option Minimum (SOM) Rate						
SINGAPORE FUEL OIL 180 CST VS. 380 CST SPREAD (PLATTS) BALMO SWAP FUTURES (MSD) - SOM						
Clearing Member Rate		New			11.00	10.00

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	Tier Description	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
Volatility Scan (volScan) Rate						
ELECTRICITY - Volatility Scan (volScan) Rate						
SYNTHETIC PJM AEP DAYTON HUB PEAK 50 MW CALENDAR-MONTH LMP OPTION ON CALENDAR FUTURES STRIP (PAS, PJP) - volScan						
Clearing Member Rate		New				0.08
SYNTHETIC PJM NORTHERN ILLINOIS HUB PEAK 50 MW CALENDAR-MONTH LMP OPTION ON CALENDAR FUTURES STRIP (PJH, PNS) - volScan						
Clearing Member Rate		New				0.08
REFINED PRODUCTS - Volatility Scan (volScan) Rate						
SINGAPORE FUEL OIL 180 CST VS. 380 CST SPREAD (PLATTS) BALMO SWAP FUTURES (MSD) - volScan						
Clearing Member Rate		New				0.05