CME Group

16-172

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Tuesday, April 19, 2016

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

Wednesday, April 20, 2016.

Current rates as of:

Tuesday, April 19, 2016.

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.

The advisory includes changes to certain products' splitting methodology from Split to Modified Split. The specific products can be found on the last page of the advisory.

Please refer to Advisory #12-259 for more detail regarding the Modified Split methodology.

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
Outright Rates								
AGRICULTURE - Outright Rates								
NYMEX COTTON (TT)								
TT	Spec	Month 1	Increase	USD	1,540	1,400	1,650	1,500
TT	Hedge/Member	Month 1	Increase	USD	1,400	1,400	1,500	1,500
ROUGH RICE FUTURES (14)								
14	Spec		Decrease	USD	1,210	1,100	1,100	1,000
14	Hedge/Member		Decrease	USD	1,100	1,100	1,000	1,000
SOYBEAN OIL FUTURES (07)								
07	Spec	All Months	Decrease	USD	880	800	825	750
07	Hedge/Member	All Months	Decrease	USD	800	800	750	750
SOYBEAN OIL TAS FUTURES (ZLT)								
ZLT	Spec	All Months	Decrease	USD	880	800	825	750
ZLT	Hedge/Member	All Months	Decrease	USD	800	800	750	750
UREA (GRANULAR) FOB U.S. GULF SWAP (UFN)								
UFN	Spec		Decrease	USD	2,420	2,200	2,090	1,900
UFN	Hedge/Member		Decrease	USD	2,200	2,200	1,900	1,900
UREA (PRILLED BULK) FOB YUZHNY SWAP (UFZ)								
UFZ	Spec		Decrease	USD	2,200	2,000	1,870	1,700
UFZ	Hedge/Member		Decrease	USD	2,000	2,000	1,700	1,700
COAL - Outright Rates								
COAL API 8 CFR SOUTH CHINA (SSI)								
SSI	Spec	Month 1	Increase	USD	1,760	1,600	1,980	1,800
SSI	Hedge/Member	Month 1	Increase	USD	1,600	1,600	1,800	1,800
ELECTRICITY - Outright Rates								
MISO INDIANA HUB 5MW D AH O PK (K2)								
K2	Spec	Mnths 12+	Increase	USD	11	10	13	12
K2	Hedge/Member	Mnths 12+	Increase	USD	10	10	12	12
MISO INDIANA HUB 5MW REAL TIME OFPK (H4)								
H4	Spec	Mnths 12+	Increase	USD	11	10	13	12
H4	Hedge/Member	Mnths 12+	Increase	USD	10	10	12	12

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
Outright Rates								
ERIS Standards - Outright Rates								
30-YR INT RATE SWAP SEC COUPON (ZD9230)								
ZD9230	Spec	Months 1-6	Decrease	USD	5,830	5,300	5,390	4,900
ZD9230	Hedge/Member	Months 1-6	Decrease	USD	5,300	5,300	4,900	4,900
ZD9230	Spec	Months 7-13	Decrease	USD	5,940	5,400	5,500	5,000
ZD9230	Hedge/Member	Months 7-13	Decrease	USD	5,400	5,400	5,000	5,000
ZD9230	Spec	Months 14-19	Decrease	USD	6,050	5,500	5,610	5,100
ZD9230	Hedge/Member	Months 14-19	Decrease	USD	5,500	5,500	5,100	5,100
ZD9230	Spec	Months 20 +	Decrease	USD	6,050	5,500	5,610	5,100
ZD9230	Hedge/Member	Months 20 +	Decrease	USD	5,500	5,500	5,100	5,100
ERIS STANDARD 30Y INT RATE SWAP FUT (ZD9130)								
ZD9130	Spec	Contracts 1-4	Decrease	USD	5,500	5,000	5,060	4,600
ZD9130	Hedge/Member	Contracts 1-4	Decrease	USD	5,000	5,000	4,600	4,600
ZD9130	Spec	Contracts 5-8	Decrease	USD	5,500	5,000	5,060	4,600
ZD9130	Hedge/Member	Contracts 5-8	Decrease	USD	5,000	5,000	4,600	4,600
ZD9130	Spec	Contracts 9+	Decrease	USD	5,500	5,000	5,060	4,600
ZD9130	Hedge/Member	Contracts 9+	Decrease	USD	5,000	5,000	4,600	4,600

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
Outright Rates								
INTEREST RATES - Outright Rates								
2 YEAR TREASURY NOTE FUTURES (26)								
26	Spec	Mnth 1	Decrease	USD	660	600	605	550
26	Hedge/Member	Mnth 1	Decrease	USD	600	600	550	550
30 DAY FED FUND FUTURES (41)								
41	Spec	Month 1	Decrease	USD	314	285	286	260
41	Hedge/Member	Month 1	Decrease	USD	285	285	260	260
41	Spec	Months 2-4	Decrease	USD	341	310	314	285
41	Hedge/Member	Months 2-4	Decrease	USD	310	310	285	285
41	Spec	Months 5-10	Decrease	USD	468	425	440	400
41	Hedge/Member	Months 5-10	Decrease	USD	425	425	400	400
41	Spec	Months 11-15	Decrease	USD	660	600	633	575
41	Hedge/Member	Months 11-15	Decrease	USD	600	600	575	575
41	Spec	Months 16+	Decrease	USD	869	790	842	765
41	Hedge/Member	Months 16+	Decrease	USD	790	790	765	765
30 YEAR USD INTEREST RATE SWAP (B1U)								
B1U	Spec		Decrease	USD	5,500	5,000	5,060	4,600
B1U	Hedge/Member		Decrease	USD	5,000	5,000	4,600	4,600
ULTRA 10-YEAR U S TREASURY NOTE FUT (TN)								
TN	Spec		Decrease	USD	2,035	1,850	1,870	1,700
TN	Hedge/Member		Decrease	USD	1,850	1,850	1,700	1,700

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
Intra Spreads								
				COAL - Intra Spreads				
Coal (API 8) CFR South China (Argus/McCloskey) Swap Futures - All Months (COAL API 8 CFR SOUTH CHINA)								
SSI	Spec		Increase	USD	1,430	1,300	1,540	1,400
SSI	Hedge/Member		Increase	USD	1,300	1,300	1,400	1,400

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	Tier Description	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
Short Option Minimum (SOM) Rate						

CRUDE OIL SPREADS - Short Option Minimum (SOM) Rate

WEST TEXAS INTERMEDIATE 1 MONTH CALENDAR COMBO (CA, DNM, WA) - SOM

Rate Type	Tier Description	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
Clearing Member Rate		Decrease	27.500	25.000	11.000	10.000

WTI CRUDE OIL 1 MONTH CSO (7A, A2) - SOM

Rate Type	Tier Description	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
Clearing Member Rate		Decrease	27.500	25.000	11.000	10.000

Splitting Methodology

CC	Name	Current Splitting	New Splitting
7A	LIGHT SWEET CRUDE OIL (WTI) FINANCIAL 1 MONTH SPREAD OPTIONS	Split	Modified Split
WA	WTI CRUDE OIL 1 MONTH CALENDAR SPREAD OPTIONS	Split	Modified Split
DNM	DAILY CRUDE OIL CALENDAR SPREAD (1 MONTH) OPTIONS	Split	Modified Split