CME Group

TO:	Clearing Member Firms Chief Financial Officers Back Office Managers Margin Managers
FROM:	CME Clearing
SUBJECT:	Performance Bond Requirements
DATE:	Friday, June 16, 2017

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

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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

Monday, June 19, 2017.

Current rates as of:

Friday, June 16, 2017.

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								
CASH BUTTER FUTURES (CB)								
CB	Spec	Months 1-4	Increase	USD	1,705	1,550	2,035	1,850
CB	Hedge/Member	Months 1-4	Increase	USD	1,550	1,550	1,850	1,850
CLASS IV MILK FUTURE (DK)								
DK	Spec	Months 2-5	Increase	USD	1,045	950	1,210	1,100
DK	Hedge/Member	Months 2-5	Increase	USD	950	950	1,100	1,100
ROUGH RICE FUTURES (14)								
14	Spec		Increase	USD	908	825	1,073	975
14	Hedge/Member		Increase	USD	825	825	975	975
METALS - Outright Rates								
PALLADIUM FUTURES NYMEX (PA)								
PA	Spec	Mnth 1	Increase	USD	4,950	4,500	6,050	5,500
PA	Hedge/Member	Mnth 1	Increase	USD	4,500	4,500	5,500	5,500
NATURAL GAS - Outright Rates								
DOMINION BASIS FUT (PLATTS IFERC) (PG)								
PG	Spec	Mnth 1	Increase	USD	314	285	374	340
PG	Hedge/Member	Mnth 1	Increase	USD	285	285	340	340
PG	Spec	Mnth 2	Increase	USD	314	285	374	340
PG	Hedge/Member	Mnth 2	Increase	USD	285	285	340	340
PG	Spec	Mnths 3-8	Increase	USD	286	260	341	310
PG	Hedge/Member	Mnths 3-8	Increase	USD	260	260	310	310
PG	Spec	Mnths 9-20	Increase	USD	220	200	286	260
PG	Hedge/Member	Mnths 9-20	Increase	USD	200	200	260	260
PG	Spec	Mnths 21+	Increase	USD	220	200	286	260
PG	Hedge/Member	Mnths 21+	Increase	USD	200	200	260	260

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
Intra Spreads								
				AGRICULTURE - Intra Spreads				
Butter (DB) - Months 1-4 vs Months 5+ (CASH BUTTER FUTURES)								
CB	Spec		Decrease	USD	2,574	2,340	2,244	2,040
CB	Hedge/Member		Decrease	USD	2,340	2,340	2,040	2,040
Class IV Milk (DK) - Month 1 vs. Months 2-5 (CLASS IV MILK FUTURE)								
DK	Spec		Decrease	USD	1,045	950	495	450
DK	Hedge/Member		Decrease	USD	950	950	450	450
Class IV Milk (DK) - Month 1 vs. Months 6+ (CLASS IV MILK FUTURE)								
DK	Spec		Decrease	USD	935	850	495	450
DK	Hedge/Member		Decrease	USD	850	850	450	450
Class IV Milk (DK) - Months 2-5 vs. Months 2-5 (CLASS IV MILK FUTURE)								
DK	Spec		Decrease	USD	1,540	1,400	990	900
DK	Hedge/Member		Decrease	USD	1,400	1,400	900	900
Class IV Milk (DK) - Months2-5 vs. Months 6+ (CLASS IV MILK FUTURE)								
DK	Spec		Decrease	USD	1,650	1,500	990	900
DK	Hedge/Member		Decrease	USD	1,500	1,500	900	900
Month 7 vs Months 8+ (LEAN HOG FUTURES)								
LN	Spec		Increase	USD	495	450	660	600
LN	Hedge/Member		Increase	USD	450	450	600	600
Month 7 vs Months 8+ (LEAN HOGS TRADE AT SETTLE)								
HET	Spec		Increase	USD	495	450	660	600
HET	Hedge/Member		Increase	USD	450	450	600	600
Months 8+ vs Months 8+ (LEAN HOG FUTURES)								
LN	Spec		Increase	USD	495	450	660	600
LN	Hedge/Member		Increase	USD	450	450	600	600
Months 8+ vs Months 8+ (LEAN HOGS TRADE AT SETTLE)								
HET	Spec		Increase	USD	495	450	660	600
HET	Hedge/Member		Increase	USD	450	450	600	600

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	Change	Ratio	Current Initial	Current Maintenance	New Initial	New Maintenance
Inter-commodity Spread Rates						
CRUDE OIL - Inter-commodity Spread Rates						
CRUDE OIL FINANCIAL FUTURES (NY-WS - CME) vs PALLADIUM FUTURES (NY-PA - CME)						
Spread Credit Rate	Decrease	+1:-1	25%	25%	0%	0%
LIGHT SWEET CRUDE OIL FUTURES (NY-CL - CME) vs PALLADIUM FUTURES (NY-PA - CME)						
Spread Credit Rate	Decrease	+1:-1	25%	25%	0%	0%
WTI CALENDAR SWAP FUTURES (NY-CS - CME) vs PALLADIUM FUTURES (NY-PA - CME)						
Spread Credit Rate	Decrease	+1:+1	25%	25%	0%	0%
ELECTRICITY - Inter-commodity Spread Rates						
PJM Western Hub Day-Ahead Peak Calendar-Month 5 MW Futures (NY-J4-CME) vs PJM PSEG ZONE OFF-PEAK CALENDAR-MONTH DA LMP SWAP FUT (NY-W6-CME)						
Spread Credit Rate	Decrease	+1:-1	65%	65%	50%	50%
HENRY HUB NATURAL GAS FUTURES (NY-NG - CME) vs PJM NORTHERN ILLINOIS HUB OFF-PEAK CALENDAR-MONTH DAY-AHEAD LMP SWAP FUTURES (NY-L3 - CME)						
Spread Credit Rate	Decrease	+1:-194	70%	70%	55%	55%
HENRY HUB NATURAL GAS FUTURES (NY-NG - CME) vs PJM WESTERN HUB OFF-PEAK CALENDAR-MONTH DAY-AHEAD LMP SWAP FUTURES (NY-E4 - CME)						
Spread Credit Rate	Decrease	+1:-194	70%	70%	55%	55%
PJM NORTHERN ILLINOIS HUB OFF-PEAK CALENDAR-MONTH DAY-AHEAD LMP SWAP FUTURES (NY-L3 - CME) vs PJM WESTERN HUB PEAK CALENDAR-MONTH DAY-AHEAD LMP SWAP FUTURES (NY-J4 - CME)						
Spread Credit Rate	Decrease	+16:-1	79%	79%	64%	64%
PJM WESTERN HUB OFF-PEAK CALENDAR-MONTH DAY-AHEAD LMP SWAP (NYM-E4 - CME) vs HENRY HUB NATURAL GAS (NYM-NG, NN, HP)						
Spread Credit Rate	Decrease	+194:-1	70%	70%	55%	55%

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	Change	Ratio	Current Initial	Current Maintenance	New Initial	New Maintenance
Inter-commodity Spread Rates						
METALS - Inter-commodity Spread Rates						
ALUMINIUM A-380 ALLOY PLATTS (20 MT) FUTURES (CX-A38 - CME) vs PALLADIUM FUTURES (NY-PA - CME)						
Spread Credit Rate	Decrease	+1:-1	30%	30%	0%	0%
ALUMINUM FUTURES (CX-ALI - CME) vs PALLADIUM FUTURES (NY-PA - CME)						
Spread Credit Rate	Decrease	+1:-1	20%	20%	0%	0%
CLEARED OTC LONDON GOLD FORWARDS (COLLATERAL MARGIN) (CX-GB - CME) vs PALLADIUM FUTURES (NY-PA - CME).						
Spread Credit Rate	Decrease	+100:-1	30%	30%	0%	0%
CRUDE OIL FINANCIAL FUTURES (NY-WS - CME) vs PALLADIUM FUTURES (NY-PA - CME)						
Spread Credit Rate	Decrease	+1:-1	25%	25%	0%	0%
GOLD FUTURES (CX-GC - CME) vs PALLADIUM FUTURES (NY-PA - CME)						
Spread Credit Rate	Decrease	+1:-2	25%	25%	0%	0%
IRON ORE FUTURES (NY-TIO - CME) vs PALLADIUM FUTURES (NY-PA - CME)						
Spread Credit Rate	Decrease	+1:-1	25%	25%	0%	0%
KILO GOLD FUTURES (CX-GCK - CME) vs PALLADIUM FUTURES (NY-PA - CME)						
Spread Credit Rate	Decrease	+3:-2	20%	20%	0%	0%
LIGHT SWEET CRUDE OIL FUTURES (NY-CL - CME) vs PALLADIUM FUTURES (NY-PA - CME)						
Spread Credit Rate	Decrease	+1:-1	25%	25%	0%	0%
WTI CALENDAR SWAP FUTURES (NY-CS - CME) vs PALLADIUM FUTURES (NY-PA - CME)						
Spread Credit Rate	Decrease	+1:+1	25%	25%	0%	0%
NATURAL GAS - Inter-commodity Spread Rates						
HENRY HUB NATURAL GAS FUTURES (NY-NG - CME) vs PJM NORTHERN ILLINOIS HUB OFF-PEAK CALENDAR-MONTH DAY-AHEAD LMP SWAP FUTURES (NY-L3 - CME)						
Spread Credit Rate	Decrease	+1:-194	70%	70%	55%	55%
HENRY HUB NATURAL GAS FUTURES (NY-NG - CME) vs PJM WESTERN HUB OFF-PEAK CALENDAR-MONTH DAY-AHEAD LMP SWAP FUTURES (NY-E4 - CME)						
Spread Credit Rate	Decrease	+1:-194	70%	70%	55%	55%
PJM WESTERN HUB OFF-PEAK CALENDAR-MONTH DAY-AHEAD LMP SWAP (NYM-E4 - CME) vs HENRY HUB NATURAL GAS (NYM-NG, NN, HP)						
Spread Credit Rate	Decrease	+194:-1	70%	70%	55%	55%

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	Tier Description	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
Short Option Minimum (SOM) Rate						
			METALS - Short Option Minimum (SOM) Rate			
PALLADIUM FUTURES (LQ, PA, PAO, QT) - SOM						
Clearing Member Rate		Increase	44.000	40.000	55.000	50.000

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	Tier Description	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
Volatility Scan (volScan) Rate						
METALS - Volatility Scan (volScan) Rate						
PALLADIUM FUTURES (LQ, PA, PAO, QT) - volScan						
Clearing Member Rate	Mnth 1	Increase		0.080		0.100
Clearing Member Rate	Mnth 2-3	Increase		0.060		0.070
Clearing Member Rate	Mnth 4+	Increase		0.060		0.070

20 South Wacker Drive Chicago, IL 60606 Ph.: (312) 648-3888 Fax: (312) 930-3187 cmegroup.com