



19-340

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Monday, October 14, 2019

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, October 15, 2019.

Current rates as of:

Friday, October 11, 2019.

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								
FREIGHT - Outright Rates								
FREIGHT ROUTE LIQUID PETROLEUM GAS (FLP)								
FLP	Spec	Mth 1	Increase	USD	7,370	6,700	8,250	7,500
FLP	Hedge/Member	Mth 1	Increase	USD	6,700	6,700	7,500	7,500
FLP	Spec	Mths 2	Increase	USD	7,370	6,700	8,250	7,500
FLP	Hedge/Member	Mths 2	Increase	USD	6,700	6,700	7,500	7,500
FLP	Spec	Mnths 3-5	Increase	USD	6,600	6,000	7,810	7,100
FLP	Hedge/Member	Mnths 3-5	Increase	USD	6,000	6,000	7,100	7,100
FLP	Spec	Months 6+	Increase	USD	6,600	6,000	7,810	7,100
FLP	Hedge/Member	Months 6+	Increase	USD	6,000	6,000	7,100	7,100
FREIGHT ROUTE TC12 (BALTIC) FUT (FRS)								
FRS	Spec		Increase	USD	2,640	2,400	3,520	3,200
FRS	Hedge/Member		Increase	USD	2,400	2,400	3,200	3,200
FREIGHT ROUTE TC14 (BALTIC) FUTURES (FRC)								
FRC	Spec	Mnth 1	Increase	USD	4,400	4,000	5,170	4,700
FRC	Hedge/Member	Mnth 1	Increase	USD	4,000	4,000	4,700	4,700
FRC	Spec	Mnths 2	Increase	USD	4,180	3,800	4,950	4,500
FRC	Hedge/Member	Mnths 2	Increase	USD	3,800	3,800	4,500	4,500
FRC	Spec	Mnths 3+	Increase	USD	2,310	2,100	2,750	2,500
FRC	Hedge/Member	Mnths 3+	Increase	USD	2,100	2,100	2,500	2,500
FREIGHT ROUTE TC15 (BALTIC) FUTURES (T5C)								
T5C	Spec	Mth 1	Increase	USD	4,400	4,000	6,050	5,500
T5C	Hedge/Member	Mth 1	Increase	USD	4,000	4,000	5,500	5,500
T5C	Spec	Mths 2	Increase	USD	4,400	4,000	6,050	5,500
T5C	Hedge/Member	Mths 2	Increase	USD	4,000	4,000	5,500	5,500
T5C	Spec	Mnths 3-5	Increase	USD	2,530	2,300	3,630	3,300
T5C	Hedge/Member	Mnths 3-5	Increase	USD	2,300	2,300	3,300	3,300
T5C	Spec	Months 6+	Increase	USD	2,530	2,300	3,630	3,300
T5C	Hedge/Member	Months 6+	Increase	USD	2,300	2,300	3,300	3,300
FREIGHT ROUTE TC6 (BALTIC) FUT (TC6)								
TC6	Spec	Mnth 1	Increase	USD	1,210	1,100	1,650	1,500
TC6	Hedge/Member	Mnth 1	Increase	USD	1,100	1,100	1,500	1,500
TC6	Spec	Mnth 2	Increase	USD	1,100	1,000	1,540	1,400
TC6	Hedge/Member	Mnth 2	Increase	USD	1,000	1,000	1,400	1,400
TC6	Spec	Mnths 3+	Increase	USD	990	900	1,430	1,300
TC6	Hedge/Member	Mnths 3+	Increase	USD	900	900	1,300	1,300
FREIGHT ROUTE TD20 (BALTIC) FUTURES (T2D)								

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
Outright Rates								
T2D	Spec	Mth 1	Increase	USD	3,300	3,000	4,730	4,300
T2D	Hedge/Member	Mth 1	Increase	USD	3,000	3,000	4,300	4,300
T2D	Spec	Mths 2	Increase	USD	2,750	2,500	3,850	3,500
T2D	Hedge/Member	Mths 2	Increase	USD	2,500	2,500	3,500	3,500
T2D	Spec	Mnths 3-5	Increase	USD	1,650	1,500	2,200	2,000
T2D	Hedge/Member	Mnths 3-5	Increase	USD	1,500	1,500	2,000	2,000
T2D	Spec	Months 6+	Increase	USD	1,650	1,500	2,200	2,000
T2D	Hedge/Member	Months 6+	Increase	USD	1,500	1,500	2,000	2,000
FREIGHT ROUTE TD22 (BALTIC) FUTURE (ACB)								
ACB	Spec		Increase	USD	3,850	3,500	5,170	4,700
ACB	Hedge/Member		Increase	USD	3,500	3,500	4,700	4,700
FREIGHT ROUTE TD25 (BALTIC) FUTURE (AEB)								
AEB	Spec		Increase	USD	4,950	4,500	6,050	5,500
AEB	Hedge/Member		Increase	USD	4,500	4,500	5,500	5,500
FREIGHT ROUTE TD3C (PLATTS) FUTURES (TD3)								
TD3	Spec		Increase	USD	2,200	2,000	3,080	2,800
TD3	Hedge/Member		Increase	USD	2,000	2,000	2,800	2,800
FREIGHT ROUTE TD3C FUTURES (TL)								
TL	Spec	Mnth 1	Increase	USD	2,805	2,550	3,850	3,500
TL	Hedge/Member	Mnth 1	Increase	USD	2,550	2,550	3,500	3,500
TL	Spec	Mnth 2	Increase	USD	2,805	2,550	3,850	3,500
TL	Hedge/Member	Mnth 2	Increase	USD	2,550	2,550	3,500	3,500
TL	Spec	Mnths 3-6	Increase	USD	1,485	1,350	2,200	2,000
TL	Hedge/Member	Mnths 3-6	Increase	USD	1,350	1,350	2,000	2,000
TL	Spec	Mnths 7-25	Increase	USD	1,100	1,000	1,265	1,150
TL	Hedge/Member	Mnths 7-25	Increase	USD	1,000	1,000	1,150	1,150
FREIGHT ROUTE TD8 (BALTIC) FUTURES (TD8)								
TD8	Spec	Mth 1	Increase	USD	2,200	2,000	3,080	2,800
TD8	Hedge/Member	Mth 1	Increase	USD	2,000	2,000	2,800	2,800
TD8	Spec	Mths 2	Increase	USD	2,200	2,000	3,080	2,800
TD8	Hedge/Member	Mths 2	Increase	USD	2,000	2,000	2,800	2,800
TD8	Spec	Mnths 3-5	Increase	USD	1,320	1,200	1,980	1,800
TD8	Hedge/Member	Mnths 3-5	Increase	USD	1,200	1,200	1,800	1,800
TD8	Spec	Months 6+	Increase	USD	1,320	1,200	1,980	1,800
TD8	Hedge/Member	Months 6+	Increase	USD	1,200	1,200	1,800	1,800

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
Outright Rates								
TC2 ROTTERDAM TO USAC 37K MT (TM)								
TM	Spec	Mnths 3+	Increase	USD	1,760	1,600	2,200	2,000
TM	Hedge/Member	Mnths 3+	Increase	USD	1,600	1,600	2,000	2,000
TM	Spec	Mnth 2	Increase	USD	2,530	2,300	3,300	3,000
TM	Hedge/Member	Mnth 2	Increase	USD	2,300	2,300	3,000	3,000
TC5 RAS TANURA TO YOKOHAMA 55K MT (TH)								
TH	Spec	Mth 1	Increase	USD	3,300	3,000	3,850	3,500
TH	Hedge/Member	Mth 1	Increase	USD	3,000	3,000	3,500	3,500
TH	Spec	Mths 2-6	Increase	USD	2,970	2,700	3,630	3,300
TH	Hedge/Member	Mths 2-6	Increase	USD	2,700	2,700	3,300	3,300
TH	Spec	Mnths 7+	Increase	USD	2,310	2,100	2,750	2,500
TH	Hedge/Member	Mnths 7+	Increase	USD	2,100	2,100	2,500	2,500
TD7 NORTH SEA TO CONTINENT 80K MT (TK)								
TK	Spec	Mnth 1	Increase	USD	2,200	2,000	2,750	2,500
TK	Hedge/Member	Mnth 1	Increase	USD	2,000	2,000	2,500	2,500
TK	Spec	Mnth 2+	Increase	USD	1,100	1,000	1,650	1,500
TK	Hedge/Member	Mnth 2+	Increase	USD	1,000	1,000	1,500	1,500
USGC TO CHINA (PLATTS) DIRTY FREIGH (USC)								
USC	Spec		Increase	USD	3,850	3,500	5,500	5,000
USC	Hedge/Member		Increase	USD	3,500	3,500	5,000	5,000
USGC TO UK CONTINENT (PLATTS) DIRTY (USE)								
USE	Spec		Increase	USD	4,400	4,000	5,500	5,000
USE	Hedge/Member		Increase	USD	4,000	4,000	5,000	5,000
PETROLEUM CRACKS AND SPREADS - Outright Rates								
E/W NAPHTHA JAPAN CF VS CRGOES CIF (EWN)								
EWN	Spec	Mnth 1	Increase	USD	3,575	3,250	4,015	3,650
EWN	Hedge/Member	Mnth 1	Increase	USD	3,250	3,250	3,650	3,650
NY ULSD VS. NY HRBR ULSD FUT (7Y)								
7Y	Spec	Mnth 1	Increase	USD	385	350	550	500
7Y	Hedge/Member	Mnth 1	Increase	USD	350	350	500	500
7Y	Spec	Mnth 2	Increase	USD	385	350	550	500
7Y	Hedge/Member	Mnth 2	Increase	USD	350	350	500	500
SPORE MOGS95 UNLDED VS SPORE 92 UNL (SMU)								
SMU	Spec		Increase	USD	605	550	814	740
SMU	Hedge/Member		Increase	USD	550	550	740	740

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CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
Intra Spreads								
PETROLEUM CRACKS AND SPREADS - Intra Spreads								
East-West Naphtha: Japan C&F vs. Cargoes CIF NWE Spread (Platts) Swap Futures - Tier 1 vs. Tier 2 (E/W NAPHTHA JAPAN CF VS CRGOES CIF)								
EWN	Spec		Increase	USD	2,420	2,200	2,695	2,450
EWN	Hedge/Member		Increase	USD	2,200	2,200	2,450	2,450
REFINED PRODUCTS - Intra Spreads								
European 3.5% Fuel Oil Rotterdam Calendar Swap - Mnth 1 vs Mnth 11+ (EUROPE 3.5% FUEL OIL RDAM CALFUT)								
UV	Spec		Increase	USD	7,150	6,500	8,580	7,800
UV	Hedge/Member		Increase	USD	6,500	6,500	7,800	7,800
European 3.5% Fuel Oil Rotterdam Calendar Swap - Mnth 1 vs Mnth 11+ (MICRO EUROPEAN 3.5% FUEL OIL BARGES)								
MEF	Spec		Increase	USD	72	65	86	78
MEF	Hedge/Member		Increase	USD	65	65	78	78
European 3.5% Fuel Oil Rotterdam Calendar Swap - Mnth 1 vs Mnth 11+ (MINI EURO 3.5% FUEL OIL FOB RDM FUT)								
OD	Spec		Increase	USD	715	650	858	780
OD	Hedge/Member		Increase	USD	650	650	780	780
Gulf Coast #6 Fuel 3.0% Swap - Consecutive Month 2+ (GULF COAST HSFO (PLATTS) FUTURES)								
MF	Spec		Increase	USD	715	650	1,045	950
MF	Hedge/Member		Increase	USD	650	650	950	950
Gulf Coast #6 Fuel 3.0% Swap - Month 1 vs 12+ (GULF COAST HSFO (PLATTS) FUTURES)								
MF	Spec		Increase	USD	2,090	1,900	2,750	2,500
MF	Hedge/Member		Increase	USD	1,900	1,900	2,500	2,500
Gulf Coast #6 Fuel 3.0% Swap - Month 1 vs 7-11 (GULF COAST HSFO (PLATTS) FUTURES)								
MF	Spec		Increase	USD	1,980	1,800	2,585	2,350
MF	Hedge/Member		Increase	USD	1,800	1,800	2,350	2,350
Month 1 vs 12+ (SYNTHET GULF COAST NO.6 FUEL OIL 3)								
SMF	Spec		Increase	USD	2,090	1,900	2,750	2,500
SMF	Hedge/Member		Increase	USD	1,900	1,900	2,500	2,500
Month 1 vs 7-11 (SYNTHET GULF COAST NO.6 FUEL OIL 3)								
SMF	Spec		Increase	USD	1,980	1,800	2,585	2,350
SMF	Hedge/Member		Increase	USD	1,800	1,800	2,350	2,350
Rel Period (SYNTHET GULF COAST NO.6 FUEL OIL 3)								
SMF	Spec		Increase	USD	715	650	1,045	950
SMF	Hedge/Member		Increase	USD	650	650	950	950

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	<u>Tier Description</u>	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
Volatility Scan (volScan) Rate						
AGRICULTURE - Volatility Scan (volScan) Rate						
CORN (C, C, CDF, YC, ZCT) - volScan						
Clearing Member Rate	Month 1	Increase		28.000%		33.000%