



20-035

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Thursday, January 30, 2020

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, January 31, 2020.

Current rates as of:

Thursday, January 30, 2020.

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 | | | | | | | | |
| MALAYSIAN CRUDE PALM OIL CAL SWAP (CPC) | | | | | | | | |
| CPC | Spec | Month 1 | Increase | USD | 1,430 | 1,300 | 1,760 | 1,600 |
| CPC | Hedge/Member | Month 1 | Increase | USD | 1,300 | 1,300 | 1,600 | 1,600 |
| CPC | Spec | Month 2+ | Increase | USD | 908 | 825 | 1,100 | 1,000 |
| CPC | Hedge/Member | Month 2+ | Increase | USD | 825 | 825 | 1,000 | 1,000 |
| USD MALAYSIAN CRUDE PALM CAL FUT (CPO) | | | | | | | | |
| CPO | Spec | Mnth 1 | Increase | USD | 1,430 | 1,300 | 1,760 | 1,600 |
| CPO | Hedge/Member | Mnth 1 | Increase | USD | 1,300 | 1,300 | 1,600 | 1,600 |
| CPO | Spec | Mnth 2+ | Increase | USD | 908 | 825 | 1,100 | 1,000 |
| CPO | Hedge/Member | Mnth 2+ | Increase | USD | 825 | 825 | 1,000 | 1,000 |
| EQUITY INDEX - Outright Rates | | | | | | | | |
| BITCOIN FUTURES (BTC) | | | | | | | | |
| BTC | Spec | | Decrease | USD | 41% | 37% | 36% | 33% |
| BTC | Hedge/Member | | Decrease | USD | 37% | 37% | 33% | 33% |
| METALS - Outright Rates | | | | | | | | |
| COPPER PREMIUM GRADE A CIF SHANGHAI (CUP) | | | | | | | | |
| CUP | Spec | | Increase | USD | 198 | 180 | 220 | 200 |
| CUP | Hedge/Member | | Increase | USD | 180 | 180 | 200 | 200 |
| MICRO PALLADIUM FUTURES (PAM) | | | | | | | | |
| PAM | Spec | Mnth 1 | Increase | USD | 1,870 | 1,700 | 2,090 | 1,900 |
| PAM | Hedge/Member | Mnth 1 | Increase | USD | 1,700 | 1,700 | 1,900 | 1,900 |
| PAM | Spec | Mnth 2 | Increase | USD | 1,815 | 1,650 | 2,035 | 1,850 |
| PAM | Hedge/Member | Mnth 2 | Increase | USD | 1,650 | 1,650 | 1,850 | 1,850 |
| PAM | Spec | Mnth 3 | Increase | USD | 1,650 | 1,500 | 1,870 | 1,700 |
| PAM | Hedge/Member | Mnth 3 | Increase | USD | 1,500 | 1,500 | 1,700 | 1,700 |
| PAM | Spec | Mnth 4+ | Increase | USD | 1,650 | 1,500 | 1,870 | 1,700 |
| PAM | Hedge/Member | Mnth 4+ | Increase | USD | 1,500 | 1,500 | 1,700 | 1,700 |
| PALLADIUM FUTURES NYMEX (PA) | | | | | | | | |
| PA | Spec | Mnth 1 | Increase | USD | 18,700 | 17,000 | 20,900 | 19,000 |
| PA | Hedge/Member | Mnth 1 | Increase | USD | 17,000 | 17,000 | 19,000 | 19,000 |
| PA | Spec | Mnth 2 | Increase | USD | 18,150 | 16,500 | 20,350 | 18,500 |
| PA | Hedge/Member | Mnth 2 | Increase | USD | 16,500 | 16,500 | 18,500 | 18,500 |
| PA | Spec | Mnth 3 | Increase | USD | 16,500 | 15,000 | 18,700 | 17,000 |
| PA | Hedge/Member | Mnth 3 | Increase | USD | 15,000 | 15,000 | 17,000 | 17,000 |
| PA | Spec | Mnth 4+ | Increase | USD | 16,500 | 15,000 | 18,700 | 17,000 |

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

| CC | Rate Type | Description | Change | ISO | Current Initial | Current Maintenance | New Initial | New Maintenance |
|----------------------------|--------------|-------------|----------|-----|-----------------|---------------------|-------------|-----------------|
| Outright Rates | | | | | | | | |
| PA | Hedge/Member | Mnth 4+ | Increase | USD | 15,000 | 15,000 | 17,000 | 17,000 |
| PALLADIUM TAS (PAT) | | | | | | | | |
| PAT | Spec | Mnth 1 | Increase | USD | 18,700 | 17,000 | 20,900 | 19,000 |
| PAT | Hedge/Member | Mnth 1 | Increase | USD | 17,000 | 17,000 | 19,000 | 19,000 |
| PAT | Spec | Mnth 2 | Increase | USD | 18,150 | 16,500 | 20,350 | 18,500 |
| PAT | Hedge/Member | Mnth 2 | Increase | USD | 16,500 | 16,500 | 18,500 | 18,500 |
| PAT | Spec | Mnth 3 | Increase | USD | 16,500 | 15,000 | 18,700 | 17,000 |
| PAT | Hedge/Member | Mnth 3 | Increase | USD | 15,000 | 15,000 | 17,000 | 17,000 |
| PAT | Spec | Mnth 4+ | Increase | USD | 16,500 | 15,000 | 18,700 | 17,000 |
| PAT | Hedge/Member | Mnth 4+ | Increase | USD | 15,000 | 15,000 | 17,000 | 17,000 |

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

| CC | Rate Type | Description | Change | ISO | Current Initial | Current Maintenance | New Initial | New Maintenance |
|--|--------------|-------------|----------|-----------------|---------------------|---------------------|-----------------|-----------------|
| Intra Spreads | | | | | | | | |
| METALS - Intra Spreads | | | | | | | | |
| (COPPER PREMIUM GRADE A CIF SHANGHAI) | | | | | | | | |
| CUP | Spec | | Increase | USD | 99 | 90 | 149 | 135 |
| CUP | Hedge/Member | | Increase | USD | 90 | 90 | 135 | 135 |
| | | | | | | | | |
| Rate Type | | Change | Ratio | Current Initial | Current Maintenance | New Initial | New Maintenance | |
| Inter-commodity Spread Rates | | | | | | | | |
| CRUDE OIL - Inter-commodity Spread Rates | | | | | | | | |
| LIGHT SWEET CRUDE OIL FUTURES (NY-CL - CME) vs S&P 500 (SP - CME) | | | | | | | | |
| Spread Credit Rate | Decrease | +10:-1 | | 25% | 25% | 0% | 0% | |
| LIGHT SWEET CRUDE OIL FUTURES (NY-CL - CME) vs S&P 500 TOTAL RETURN INDEX FUTURES (TRI - CME) | | | | | | | | |
| Spread Credit Rate | Decrease | +2:-1 | | 25% | 25% | 0% | 0% | |
| EQUITY INDEX - Inter-commodity Spread Rates | | | | | | | | |
| LIGHT SWEET CRUDE OIL FUTURES (NY-CL - CME) vs S&P 500 (SP - CME) | | | | | | | | |
| Spread Credit Rate | Decrease | +10:-1 | | 25% | 25% | 0% | 0% | |
| LIGHT SWEET CRUDE OIL FUTURES (NY-CL - CME) vs S&P 500 TOTAL RETURN INDEX FUTURES (TRI - CME) | | | | | | | | |
| Spread Credit Rate | Decrease | +2:-1 | | 25% | 25% | 0% | 0% | |
| FX - Inter-commodity Spread Rates | | | | | | | | |
| COPPER FUTURES (CX-HG - CME) vs USD/OFFSHORE RMB (CNH) FUTURES (CNH - CME) | | | | | | | | |
| Spread Credit Rate | Decrease | +2:+1 | | 50% | 50% | 40% | 40% | |
| METALS - Inter-commodity Spread Rates | | | | | | | | |
| COPPER FUTURES (CX-HG - CME) vs USD/OFFSHORE RMB (CNH) FUTURES (CNH - CME) | | | | | | | | |
| Spread Credit Rate | Decrease | +2:+1 | | 50% | 50% | 40% | 40% | |
| REFINED PRODUCTS - Inter-commodity Spread Rates | | | | | | | | |
| EUROPEAN FOB RDAM MARINE FUEL 0.5% BARGES (PLATTS) FUTURES (NY-R5F - CME) vs SINGAPORE FOB MARINE FUEL 0.5% (PLATTS) FUTURES (NY-S5F - CME) | | | | | | | | |
| Spread Credit Rate | Decrease | +1:-1 | | 86% | 86% | 75% | 75% | |

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

| Rate Type | <u>Tier Description</u> | Change | Current Initial | Current Maintenance | New Initial | New Maintenance |
|---|-------------------------|----------|-----------------|---------------------|-------------|-----------------|
| Volatility Scan (volScan) Rate | | | | | | |
| FX - Volatility Scan (volScan) Rate | | | | | | |
| AUSTRALIAN DOLLAR (AD, AD, ADU, M6A, V6A, V6A, VXA, WAD, XA) - volScan | | | | | | |
| Clearing Member Rate | | Increase | | 15.000% | | 20.000% |
| Clearing Member Rate | | Increase | | 13.000% | | 15.000% |
| CANADIAN DOLLAR (CAU, CD, CD, MCD, V6C, V6C, VXC, WCD, YD) - volScan | | | | | | |
| Clearing Member Rate | Months 1-4 | Increase | | 15.000% | | 20.000% |
| Clearing Member Rate | Months 5+ | Increase | | 10.000% | | 15.000% |