20-338

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Monday, August 31, 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

Tuesday, September 1, 2020.

Current rates as of:

Monday, August 31, 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								
FEEDER CATTLE FUTURES (FC)								
FC	Spec	Month 1	Decrease	USD	4,290	3,900	3,713	3,375
FC	Hedge/Member	Month 1	Decrease	USD	3,900	3,900	3,375	3,375
FC	Spec	Month 2	Decrease	USD	4,290	3,900	3,713	3,375
FC	Hedge/Member	Month 2	Decrease	USD	3,900	3,900	3,375	3,375
FC	Spec	Month 3	Decrease	USD	4,290	3,900	3,713	3,375
FC	Hedge/Member	Month 3	Decrease	USD	3,900	3,900	3,375	3,375
FC	Spec	Month 4	Decrease	USD	4,290	3,900	3,713	3,375
FC	Hedge/Member	Month 4	Decrease	USD	3,900	3,900	3,375	3,375
FC	Spec	Month 5	Decrease	USD	4,290	3,900	3,713	3,375
FC	Hedge/Member	Month 5	Decrease	USD	3,900	3,900	3,375	3,375
FC	Spec	Months 6+	Decrease	USD	4,290	3,900	3,713	3,375
FC	Hedge/Member	Months 6+	Decrease	USD	3,900	3,900	3,375	3,375
FEEDER CATTLE TRADE AT SETTLE (GFT)								
GFT	Spec	Month 1	Decrease	USD	4,290	3,900	3,713	3,375
GFT	Hedge/Member	Month 1	Decrease	USD	3,900	3,900	3,375	3,375
GFT	Spec	Month 2	Decrease	USD	4,290	3,900	3,713	3,375
GFT	Hedge/Member	Month 2	Decrease	USD	3,900	3,900	3,375	3,375
GFT	Spec	Month 3	Decrease	USD	4,290	3,900	3,713	3,375
GFT	Hedge/Member	Month 3	Decrease	USD	3,900	3,900	3,375	3,375
GFT	Spec	Month 4	Decrease	USD	4,290	3,900	3,713	3,375
GFT	Hedge/Member	Month 4	Decrease	USD	3,900	3,900	3,375	3,375
GFT	Spec	Month 5	Decrease	USD	4,290	3,900	3,713	3,375
GFT	Hedge/Member	Month 5	Decrease	USD	3,900	3,900	3,375	3,375
GFT	Spec	Months 6+	Decrease	USD	4,290	3,900	3,713	3,375
GFT	Hedge/Member	Months 6+	Decrease	USD	3,900	3,900	3,375	3,375
LIVE CATTLE FUTURES (LC)								
LC	Spec	Month 1	Decrease	USD	2,200	2,000	1,980	1,800
LC	Hedge/Member	Month 1	Decrease	USD	2,000	2,000	1,800	1,800
LIVE CATTLE TRADE AT SETTLEMENT (LET)								
LET	Spec	Month 1	Decrease	USD	2,200	2,000	1,980	1,800
LET	Hedge/Member	Month 1	Decrease	USD	2,000	2,000	1,800	1,800
LUMBER110 FUTURES (LB)								
LB	Spec	Mnths 2+	Increase	USD	4,400	4,000	4,950	4,500
LB	Hedge/Member	Mnths 2+	Increase	USD	4,000	4,000	4,500	4,500
LB	Spec	Mnth 1	Increase	USD	5,313	4,830	6,325	5,750

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
Outright Rates								
LB	Hedge/Member	Mnth 1	Increase	USD	4,830	4,830	5,750	5,750
ROUGH RICE FUTURES (14)								
14	Spec	Month 1	Decrease	USD	4,125	3,750	3,080	2,800
14	Hedge/Member	Month 1	Decrease	USD	3,750	3,750	2,800	2,800
14	Spec	Month 2	Decrease	USD	2,310	2,100	2,090	1,900
14	Hedge/Member	Month 2	Decrease	USD	2,100	2,100	1,900	1,900
14	Spec	Months 3+	Decrease	USD	1,815	1,650	1,540	1,400
14	Hedge/Member	Months 3+	Decrease	USD	1,650	1,650	1,400	1,400

NATURAL GAS - Outright Rates

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
TCO BASIS FUT (TC)								
TC	Spec	Mnth 2-2	Increase	USD	204	185	242	220
TC	Hedge/Member	Mnth 2-2	Increase	USD	185	185	220	220
TC	Spec	Mnths 3-7	Increase	USD	204	185	242	220
TC	Hedge/Member	Mnths 3-7	Increase	USD	185	185	220	220
TC	Spec	Mnths 8-19	Increase	USD	204	185	242	220
TC	Hedge/Member	Mnths 8-19	Increase	USD	185	185	220	220
TC	Spec	Mnths 20+	Increase	USD	204	185	242	220
TC	Hedge/Member	Mnths 20+	Increase	USD	185	185	220	220

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
Intra Spreads								
AGRICULTURE - Intra Spreads								
Lumber (LB) - Mtnh 1 vs Mnths 2+ (LUMBER110 FUTURES)								
LB	Spec		Increase	USD	2,750	2,500	4,400	4,000
LB	Hedge/Member		Increase	USD	2,500	2,500	4,000	4,000
Lumber- Mnths 2+ vs Mnths 2+ (LUMBER110 FUTURES)								
LB	Spec		Increase	USD	2,750	2,500	3,300	3,000
LB	Hedge/Member		Increase	USD	2,500	2,500	3,000	3,000
Rough Rice (CBOT) (14) - Months 2+ vs Months 2+ (ROUGH RICE FUTURES)								
14	Spec		Increase	USD	1,100	1,000	1,320	1,200
14	Hedge/Member		Increase	USD	1,000	1,000	1,200	1,200

Rate Type	Tier Description	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
Volatility Scan (volScan) Rate						
AGRICULTURE - Volatility Scan (volScan) Rate						
SOYBEANS (S, S, SBT, SDF, SRS, YK) - volScan						
Clearing Member Rate	Month 2	Increase		20.000%		25.000%
Clearing Member Rate	Months 5-6	Decrease		10.000%		9.000%