

## Advisory Notice

Clearing House

08-206

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Tuesday, September 2, 2008

**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 Notices 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 new product offering of Cleared Interest Rate Swaps. For more information on this new product offering, please go to: <http://www.cmegroup.com/clearedswaps> The changes will be effective September 2, 2008.

### **Forward Starting Cleared Interest Rate Outright USD Swap Margins**

USD Margins (per \$100,000 notional)			
Tiers	Maturity breaks	Initial Margin	Maintenance Margin
1	0 to 6M	\$ 350.00	\$ 250.00
2	>6M to 1Y	\$ 700.00	\$ 500.00
3	>1Y to 3Y	\$ 1,350.00	\$ 1,000.00
4	>3Y to 6Y	\$ 2,700.00	\$ 2,000.00
5	>6Y to 9Y	\$ 3,250.00	\$ 2,400.00
6	>9Y to 10Y	\$ 3,750.00	\$ 2,750.00

### **Forward Starting Cleared Interest Rate Outright EUR Swap Margins**

EUR Margins (per EUR 100,000 notional)			
Tiers	Maturity breaks	Initial Margin	Maintenance Margin
1	0 to 6M	EUR 350.00	EUR 250.00
2	>6M to 1Y	EUR 350.00	EUR 250.00
3	>1Y to 3Y	EUR 700.00	EUR 500.00
4	>3Y to 6Y	EUR 1,350.00	EUR 1,000.00
5	>6Y to 9Y	EUR 1,700.00	EUR 1,250.00
6	>9Y to 10Y	EUR 2,050.00	EUR 1,500.00

**Spot starting USD and EUR OIS Swap margins per 1 million notional (all contracts)**

Currency	Initial Margin		Maintenance Margin	
USD	\$	1,250.00	\$	900.00
EUR	EUR	2,200.00	EUR	1,600.00

**Intercommodity Spread Credits**

**Note that intercommodity spread credits as noted below will only be available at the clearing level, and will not be available at the customer level.**

Based upon the following tier structure for both USD3L (USD denominated) and EUR6E (EUR denominated) interest rate swaps:

Tier Structure	
Tiers	Maturity breaks
1	0 to 6M
2	>6M to 1Y
3	>1Y to 3Y
4	>3Y to 6Y
5	>6Y to 9Y
6	>9Y to 10Y

Intercommodity spread credits at the clearing level apply as follows:

**Intercommodity Spread Credits (continued)**

Description	Credit %	Ratio
USD3L Tier 1 vs 30 year bonds	40	5:1
USD3L Tier 2 vs 30 year bonds	40	5:1
USD3L Tier 3 vs 30 year bonds	60	4:1
USD3L Tier 4 vs 30 year bonds	65	3:2
USD3L Tier 5 vs 30 year bonds	65	5:3
USD3L Tier 6 vs 30 year bonds	70	1:1
USD3L Tier 1 vs 10 year bonds	20	5:1
USD3L Tier 2 vs 10 year bonds	35	5:1
USD3L Tier 3 vs 10 year bonds	65	5:3
USD3L Tier 4 vs 10 year bonds	65	5:4
USD3L Tier 5 vs 10 year bonds	70	4:5
USD3L Tier 6 vs 10 year bonds	65	3:4
USD3L Tier 1 vs 5 year bonds	40	5:1
USD3L Tier 2 vs 5 year bonds	35	5:1
USD3L Tier 3 vs 5 year bonds	65	5:3
USD3L Tier 4 vs 5 year bonds	65	5:4
USD3L Tier 5 vs 5 year bonds	65	3:4
USD3L Tier 6 vs 5 year bonds	60	3:5
USD3L Tier 1 vs 2 year bonds	40	5:1
USD3L Tier 2 vs 2 year bonds	40	3:1
USD3L Tier 3 vs 2 year bonds	65	2:1
USD3L Tier 4 vs 2 year bonds	60	1:1
USD3L Tier 5 vs 2 year bonds	60	3:5
USD3L Tier 6 vs 2 year bonds	55	1:2

**Intercommodity Spread Credits (continued)**

<b>Description</b>	<b>Credit %</b>	<b>Ratio</b>
USD3L Tier 1 vs ED Tier 1	50	4:1
USD3L Tier 2 vs ED Tier 1	55	5:3
USD3L Tier 3 vs ED Tier 1	60	1:1
USD3L Tier 4 vs ED Tier 1	60	3:5
USD3L Tier 5 vs ED Tier 1	55	1:5
USD3L Tier 6 vs ED Tier 1	55	1:5
USD3L Tier 1 vs ED Tier 10	40	5:1
USD3L Tier 2 vs ED Tier 10	40	4:1
USD3L Tier 3 vs ED Tier 10	60	2:3
USD3L Tier 4 vs ED Tier 10	65	2:5
USD3L Tier 5 vs ED Tier 10	70	1:3
USD3L Tier 6 vs ED Tier 10	70	1:3
USD3L Tier 1 vs ED Tier 11	40	5:1
USD3L Tier 2 vs ED Tier 11	40	3:1
USD3L Tier 3 vs ED Tier 11	60	4:5
USD3L Tier 4 vs ED Tier 11	65	2:5
USD3L Tier 5 vs ED Tier 11	70	1:3
USD3L Tier 6 vs ED Tier 11	70	1:4
USD3L Tier 1 vs ED Tier 2	40	4:1
USD3L Tier 2 vs ED Tier 2	45	3:1
USD3L Tier 3 vs ED Tier 2	65	5:4
USD3L Tier 4 vs ED Tier 2	65	3:5
USD3L Tier 5 vs ED Tier 2	60	1:2
USD3L Tier 6 vs ED Tier 2	60	1:4
USD3L Tier 1 vs ED Tier 3	40	5:1
USD3L Tier 2 vs ED Tier 3	45	5:1
USD3L Tier 3 vs ED Tier 3	70	5:4
USD3L Tier 4 vs ED Tier 3	70	3:4
USD3L Tier 5 vs ED Tier 3	65	1:2
USD3L Tier 6 vs ED Tier 3	65	1:3
USD3L Tier 1 vs ED Tier 4	40	5:1
USD3L Tier 2 vs ED Tier 4	45	5:1
USD3L Tier 3 vs ED Tier 4	70	4:5
USD3L Tier 4 vs ED Tier 4	70	2:3
USD3L Tier 5 vs ED Tier 4	70	1:2
USD3L Tier 6 vs ED Tier 4	70	2:5

**Intercommodity Spread Credits (continued)**

Description	Credit %	Ratio
USD3L Tier 1 vs ED Tier 5	40	5:1
USD3L Tier 2 vs ED Tier 5	40	5:1
USD3L Tier 3 vs ED Tier 5	65	1:1
USD3L Tier 4 vs ED Tier 5	70	3:5
USD3L Tier 5 vs ED Tier 5	75	1:3
USD3L Tier 6 vs ED Tier 5	70	1:3
USD3L Tier 1 vs ED Tier 6	40	5:1
USD3L Tier 2 vs ED Tier 6	40	3:1
USD3L Tier 3 vs ED Tier 6	65	2:3
USD3L Tier 4 vs ED Tier 6	70	1:2
USD3L Tier 5 vs ED Tier 6	70	2:5
USD3L Tier 6 vs ED Tier 6	70	1:3
USD3L Tier 1 vs ED Tier 7	40	5:1
USD3L Tier 2 vs ED Tier 7	40	5:1
USD3L Tier 3 vs ED Tier 7	60	3:5
USD3L Tier 4 vs ED Tier 7	70	2:3
USD3L Tier 5 vs ED Tier 7	70	2:5
USD3L Tier 6 vs ED Tier 7	75	1:4
USD3L Tier 1 vs ED Tier 8	40	5:1
USD3L Tier 2 vs ED Tier 8	40	5:1
USD3L Tier 3 vs ED Tier 8	60	2:3
USD3L Tier 4 vs ED Tier 8	65	3:5
USD3L Tier 5 vs ED Tier 8	70	2:5
USD3L Tier 6 vs ED Tier 8	75	1:4
USD3L Tier 1 vs ED Tier 9	40	5:1
USD3L Tier 2 vs ED Tier 9	40	5:1
USD3L Tier 3 vs ED Tier 9	60	2:3
USD3L Tier 4 vs ED Tier 9	65	2:5
USD3L Tier 5 vs ED Tier 9	70	1:3
USD3L Tier 6 vs ED Tier 9	70	1:3

**Intercommodity Spread Credits (continued)**

Description	Credit %	Ratio
EUR6E Tier 1 vs 30 year bonds	40	5:1
EUR6E Tier 2 vs 30 year bonds	40	5:1
EUR6E Tier 3 vs 30 year bonds	65	5:1
EUR6E Tier 4 vs 30 year bonds	70	4:1
EUR6E Tier 5 vs 30 year bonds	65	3:1
EUR6E Tier 6 vs 30 year bonds	65	3:1
EUR6E Tier 1 vs 10 year bonds	40	5:1
EUR6E Tier 2 vs 10 year bonds	40	5:1
EUR6E Tier 3 vs 10 year bonds	70	4:1
EUR6E Tier 4 vs 10 year bonds	70	3:1
EUR6E Tier 5 vs 10 year bonds	70	2:1
EUR6E Tier 6 vs 10 year bonds	70	5:3
EUR6E Tier 1 vs 5 year bonds	40	5:1
EUR6E Tier 2 vs 5 year bonds	40	5:1
EUR6E Tier 3 vs 5 year bonds	65	5:1
EUR6E Tier 4 vs 5 year bonds	70	5:3
EUR6E Tier 5 vs 5 year bonds	70	5:3
EUR6E Tier 6 vs 5 year bonds	65	4:3
EUR6E Tier 1 vs 2 year bonds	45	5:1
EUR6E Tier 2 vs 2 year bonds	45	5:1
EUR6E Tier 3 vs 2 year bonds	70	4:1
EUR6E Tier 4 vs 2 year bonds	70	2:1
EUR6E Tier 5 vs 2 year bonds	70	5:4
EUR6E Tier 6 vs 2 year bonds	65	4:3
EUR6E Tier 1 vs ED Tier 1	55	5:1
EUR6E Tier 2 vs ED Tier 1	55	5:1
EUR6E Tier 3 vs ED Tier 1	65	2:1
EUR6E Tier 4 vs ED Tier 1	65	5:4
EUR6E Tier 5 vs ED Tier 1	65	3:4
EUR6E Tier 6 vs ED Tier 1	65	1:3
EUR6E Tier 1 vs ED Tier 10	55	5:1
EUR6E Tier 2 vs ED Tier 10	50	5:1
EUR6E Tier 3 vs ED Tier 10	65	5:2
EUR6E Tier 4 vs ED Tier 10	70	4:3
EUR6E Tier 5 vs ED Tier 10	70	3:4
EUR6E Tier 6 vs ED Tier 10	70	1:2
EUR6E Tier 1 vs ED Tier 11	55	5:1
EUR6E Tier 2 vs ED Tier 11	50	5:1
EUR6E Tier 3 vs ED Tier 11	65	5:2
EUR6E Tier 4 vs ED Tier 11	70	3:2
EUR6E Tier 5 vs ED Tier 11	70	3:4
EUR6E Tier 6 vs ED Tier 11	65	1:1

**Intercommodity Spread Credits (continued)**

Description	Credit %	Ratio
EUR6E Tier 1 vs ED Tier 2	55	5:1
EUR6E Tier 2 vs ED Tier 2	50	5:1
EUR6E Tier 3 vs ED Tier 2	65	3:1
EUR6E Tier 4 vs ED Tier 2	70	2:1
EUR6E Tier 5 vs ED Tier 2	65	1:1
EUR6E Tier 6 vs ED Tier 2	65	2:3
EUR6E Tier 1 vs ED Tier 3	50	5:1
EUR6E Tier 2 vs ED Tier 3	55	5:1
EUR6E Tier 3 vs ED Tier 3	70	5:3
EUR6E Tier 4 vs ED Tier 3	70	4:3
EUR6E Tier 5 vs ED Tier 3	70	1:1
EUR6E Tier 6 vs ED Tier 3	70	2:3
EUR6E Tier 1 vs ED Tier 4	55	5:1
EUR6E Tier 2 vs ED Tier 4	55	5:1
EUR6E Tier 3 vs ED Tier 4	70	3:2
EUR6E Tier 4 vs ED Tier 4	70	5:4
EUR6E Tier 5 vs ED Tier 4	70	4:5
EUR6E Tier 6 vs ED Tier 4	70	3:5
EUR6E Tier 1 vs ED Tier 5	55	5:1
EUR6E Tier 2 vs ED Tier 5	50	5:1
EUR6E Tier 3 vs ED Tier 5	70	5:2
EUR6E Tier 4 vs ED Tier 5	70	5:4
EUR6E Tier 5 vs ED Tier 5	70	4:5
EUR6E Tier 6 vs ED Tier 5	70	3:5
EUR6E Tier 1 vs ED Tier 6	50	5:1
EUR6E Tier 2 vs ED Tier 6	50	5:1
EUR6E Tier 3 vs ED Tier 6	70	3:2
EUR6E Tier 4 vs ED Tier 6	70	1:1
EUR6E Tier 5 vs ED Tier 6	70	3:4
EUR6E Tier 6 vs ED Tier 6	70	1:2
EUR6E Tier 1 vs ED Tier 7	55	5:1
EUR6E Tier 2 vs ED Tier 7	50	5:1
EUR6E Tier 3 vs ED Tier 7	70	4:3
EUR6E Tier 4 vs ED Tier 7	70	1:1
EUR6E Tier 5 vs ED Tier 7	70	2:3
EUR6E Tier 6 vs ED Tier 7	70	1:2
EUR6E Tier 1 vs ED Tier 8	55	5:1
EUR6E Tier 2 vs ED Tier 8	50	5:1
EUR6E Tier 3 vs ED Tier 8	70	4:3
EUR6E Tier 4 vs ED Tier 8	70	5:4
EUR6E Tier 5 vs ED Tier 8	70	3:5
EUR6E Tier 6 vs ED Tier 8	70	1:2

### **Intercommodity Spread Credits (continued)**

Description	Credit %	Ratio
EUR6E Tier 1 vs ED Tier 9	55	5:1
EUR6E Tier 2 vs ED Tier 9	50	5:1
EUR6E Tier 3 vs ED Tier 9	65	5:2
EUR6E Tier 4 vs ED Tier 9	70	5:4
EUR6E Tier 5 vs ED Tier 9	70	3:4
EUR6E Tier 6 vs ED Tier 9	70	1:2

### **Calendar Spread Charges**

Based upon the following tier structure for both USD and EUR interest rate swaps:

Tier Structure	
Tiers	Maturity breaks
1	0 to 6M
2	>6M to 1Y
3	>1Y to 3Y
4	>3Y to 6Y
5	>6Y to 9Y
6	>9Y to 10Y

Charges for calendar spreads apply as follows:

USD calendar spread charges, per \$100,000 notional

Tier combination	Charge	Ratio
Tier 1 to Tier 2	\$1,950	5:2
Tier 1 to Tier 3	\$4,250	5:1
Tier 1 to Tier 4	\$2,700	5:1
Tier 1 to Tier 5	\$800	5:1
Tier 1 to Tier 6	\$1,350	5:1
Tier 2 to Tier 3	\$8,400	5:2
Tier 2 to Tier 4	\$9,750	5:1
Tier 2 to Tier 5	\$7,050	5:1
Tier 2 to Tier 6	\$6,800	5:1
Tier 3 to Tier 4	\$4,450	4:2
Tier 3 to Tier 5	\$8,450	5:2
Tier 3 to Tier 6	\$9,300	5:2
Tier 4 to Tier 5	\$7,500	5:3
Tier 4 to Tier 6	\$11,400	5:3
Tier 5 to Tier 6	\$7,950	4:5



**Calendar Spread Charges (continued)**

EUR calendar spread charges, per EUR 100,000 notional

<b>Tier combination</b>	<b>Charge</b>	<b>Ratio</b>
Tier 1 to Tier 2	EUR 3,000	1:1
Tier 1 to Tier 3	EUR 2,800	5:2
Tier 1 to Tier 4	EUR 150	1:5
Tier 1 to Tier 5	EUR 50	5:1
Tier 1 to Tier 6	EUR 50	5:1
Tier 2 to Tier 3	EUR 3,450	5:1
Tier 2 to Tier 4	EUR 50	5:1
Tier 2 to Tier 5	EUR 50	5:1
Tier 2 to Tier 6	EUR 50	5:1
Tier 3 to Tier 4	EUR 3,100	5:3
Tier 3 to Tier 5	EUR 5,750	5:2
Tier 3 to Tier 6	EUR 6,100	5:1
Tier 4 to Tier 5	EUR 6,750	5:4
Tier 4 to Tier 6	EUR 4,600	4:3
Tier 5 to Tier 6	EUR 6,500	5:4