

## Advisory Notice

Clearing House

08-295

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

FROM: CME Clearing

SUBJECT: **Performance Bond Requirement Changes: Outright (SCAN) Tiers Structures and Margin Rate Change for the Existing Natural Gas Index Swap Contracts.**

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 are effective at the close of business from Tuesday, October 28, 2008 (*close of business*).

**Futures Contracts:**

Contract Name	Symbol
Transco Zone 6 Index Swap	IT
Sumas Index Swap	IU
TETCO M-3 Index Swap	IX
TCO Natural Gas Index Swap	Q1
TETCO STX Natural Gas Index Swap	Q2
Tennessee Zone 0 Natural Gas Index Swap	Q4
Tennessee Zone 0 Natural Gas Index Swap	Y6
Tennessee 500 Leg Natural Gas Index Swap	Y7
Michcon Natural Gas Index Swap	Y8
CIG Rockies Natural Gas Index Swap	Z8

**Contract Months:** All Months

**Note:** The revised margin Tiers are in **bold**.

**NYMEX Outright (Scan) Margin and Intra-Commodity Spread Tiers For TCO Natural Gas Index Swap(Q1), TETCO STX Natural Gas Index Swap(Q2), Tennessee Zone 0 Natural Gas Index Swap(Q4), Transco Zone 3 Natural Gas Index Swap(Y6), Tennessee 500 Leg Natural Gas Index Swap(Y7), Michcon Natural Gas Index Swap(Y8), CIG Rockies Natural Gas Index Swap(Z8).**

Tiers	New	Old*
1	<b>1<sup>st</sup> - 2<sup>nd</sup> Nearby</b>	1st Nearby
2	<b>3<sup>rd</sup> Nearby</b>	N/A
3	<b>4<sup>th</sup> And Greater</b>	N/A

**NYMEX Division Margin Rates For Existing Natural Gas Index Swaps**

	Clearing Member / Maintenance Margin		Member Customer Initial Margin		Non-Member Customer Initial Margin	
	New	Old	New	Old	New	Old
Transco Zone 6 Index Swap(IT)						
Tier 1	\$3,000	\$3,000	\$3,300	\$3,300	\$4,050	\$4,050
Tier 2	<b>\$500</b>	\$2,000	<b>\$550</b>	\$2,200	<b>\$675</b>	\$2,700
Tier 3	\$100	\$100	\$110	\$110	\$135	\$135
Sumas Index Swap(IU)						
Tier 1	\$2,500	\$2,500	\$2,750	\$2,750	\$3,375	\$3,375
Tier 2	<b>\$500</b>	\$1,000	<b>\$550</b>	\$1,100	<b>\$675</b>	\$1,350
Tier 3	\$100	\$100	\$110	\$110	\$135	\$135
Transco Zone 6 Index Swap(IX)						
Tier 1	\$3,000	\$3,000	\$3,300	\$3,300	\$4,050	\$4,050
Tier 2	<b>\$500</b>	\$1,000	<b>\$550</b>	\$1,100	<b>\$675</b>	\$1,350
Tier 3	\$100	\$100	\$110	\$110	\$135	\$135
TCO Natural Gas Index Swap(Q1)						
Tier 1	<b>\$2,000</b>	\$1200	<b>\$2,200</b>	\$1,320	<b>\$2,700</b>	\$1,620
Tier 2	<b>\$500</b>	N/A	<b>\$550</b>	N/A	<b>\$675</b>	N/A
Tier 3	<b>\$100</b>	N/A	<b>\$110</b>	N/A	<b>\$135</b>	N/A
TETCO STX Natural Gas Index Swap(Q2)						
Tier 1	<b>\$2,000</b>	\$1200	<b>\$2,200</b>	\$1,320	<b>\$2,700</b>	\$1,620
Tier 2	<b>\$500</b>	N/A	<b>\$550</b>	N/A	<b>\$675</b>	N/A
Tier 3	<b>\$100</b>	N/A	<b>\$110</b>	N/A	<b>\$135</b>	N/A
Tennessee Zone 0 Natural Gas Index Swap(Q4)						
Tier 1	<b>\$2,000</b>	\$1,400	<b>\$2,200</b>	\$1,540	<b>\$2,700</b>	\$1,890
Tier 2	<b>\$500</b>	N/A	<b>\$550</b>	N/A	<b>\$675</b>	N/A
Tier 3	<b>\$100</b>	N/A	<b>\$110</b>	N/A	<b>\$135</b>	N/A
Tennessee Zone 0 Natural Gas Index Swap(Y6)						
Tier 1	<b>\$2,000</b>	\$1,300	<b>\$2,200</b>	\$1,430	<b>\$2,700</b>	\$1,755
Tier 2	<b>\$500</b>	N/A	<b>\$550</b>	N/A	<b>\$675</b>	N/A
Tier 3	<b>\$100</b>	N/A	<b>\$110</b>	N/A	<b>\$135</b>	N/A
Tennessee 500 Leg Natural Gas Index Swap(Y7)						
Tier 1	<b>\$2,000</b>	\$1,300	<b>\$2,200</b>	\$1,430	<b>\$2,700</b>	\$1,755
Tier 2	<b>\$500</b>	N/A	<b>\$550</b>	N/A	<b>\$675</b>	N/A
Tier 3	<b>\$100</b>	N/A	<b>\$110</b>	N/A	<b>\$135</b>	N/A
Michcon Natural Gas Index Swap(Y8)						
Tier 1	<b>\$2,000</b>	\$1,500	<b>\$2,200</b>	\$1,650	<b>\$2,700</b>	\$2,025
Tier 2	<b>\$500</b>	N/A	<b>\$550</b>	N/A	<b>\$675</b>	N/A
Tier 3	<b>\$100</b>	N/A	<b>\$110</b>	N/A	<b>\$135</b>	N/A

**NYMEX Division Margin Rates For Existing Natural Gas Index Swaps**

	Clearing Member / Maintenance Margin		Member Customer Initial Margin		Non-Member Customer Initial Margin	
	New	Old	New	Old	New	Old
CIG Rockies Natural Gas Index Swap(Z8)						
Tier 1	\$6,700	\$6,700	\$7,370	\$7,370	\$9,045	\$9,045
Tier 2	<b>\$500</b>	N/A	<b>\$550</b>	N/A	<b>\$675</b>	N/A
Tier 3	<b>\$100</b>	N/A	<b>\$110</b>	N/A	<b>\$135</b>	N/A

Should you have any questions regarding these margin rates, please contact William Doherty at (212) 299-2925.