



10-313

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements:

DATE: Friday, July 23, 2010

***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 **Saturday, July 24, 2010.**

Current rates as of:

**Friday, July 23, 2010.**

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
<b>Outright Rates</b>								
<b>CANADIAN HEAVYCRUDE(NET ENRGY) FUT (WCC)</b>								
WCC	Spec	Tier 1	New	USD			1,650	1,500
WCC	Hedge/Member	Tier 1	New	USD			1,500	1,500
WCC	Spec	Tier 2	New	USD			550	500
WCC	Hedge/Member	Tier 2	New	USD			500	500
<b>NYMEX POWER PRODUCTS - Outright Rates</b>								
<b>DOW JONES MEAD/MKT 5 MW PK SWP (DMP)</b>								
DMP	Spec	Tier 1	New	USD			550	500
DMP	Hedge/Member	Tier 1	New	USD			500	500
DMP	Spec	Tier 2	New	USD			440	400
DMP	Hedge/Member	Tier 2	New	USD			400	400
DMP	Spec	Tier 3	New	USD			385	350
DMP	Hedge/Member	Tier 3	New	USD			350	350
DMP	Spec	Tier 4	New	USD			330	300
DMP	Hedge/Member	Tier 4	New	USD			300	300
<b>DOW JONES MEAD/MKT 5 MW OFF-PEAK (DMO)</b>								
DMO	Spec	Tier 1	New	USD			22	20
DMO	Hedge/Member	Tier 1	New	USD			20	20
DMO	Spec	Tier 2	New	USD			17	15
DMO	Hedge/Member	Tier 2	New	USD			15	15
DMO	Spec	Tier 3	New	USD			11	10
DMO	Hedge/Member	Tier 3	New	USD			10	10
DMO	Spec	Tier 4	New	USD			11	10
DMO	Hedge/Member	Tier 4	New	USD			10	10
<b>DOW JONES PALO VERDE 5 MW OFF-PEAK (DSO)</b>								
DSO	Spec	Tier 1	New	USD			22	20
DSO	Hedge/Member	Tier 1	New	USD			20	20
DSO	Spec	Tier 2	New	USD			17	15
DSO	Hedge/Member	Tier 2	New	USD			15	15
DSO	Spec	Tier 3	New	USD			11	10
DSO	Hedge/Member	Tier 3	New	USD			10	10
DSO	Spec	Tier 4	New	USD			11	10
DSO	Hedge/Member	Tier 4	New	USD			10	10
<b>DOW JONES PALO VERDE ELEC 5 MW PEAK (DSP)</b>								
DSP	Spec	Tier 1	New	USD			550	500

## SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
<b>Outright Rates</b>								
DSP	Hedge/Member	Tier 1	New	USD			500	500
DSP	Spec	Tier 2	New	USD			440	400
DSP	Hedge/Member	Tier 2	New	USD			400	400
DSP	Spec	Tier 3	New	USD			385	350
DSP	Hedge/Member	Tier 3	New	USD			350	350
DSP	Spec	Tier 4	New	USD			330	300
DSP	Hedge/Member	Tier 4	New	USD			300	300

## SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
<b>Intra Spreads</b>								
<b>NYMEX PETROLEUM PRODUCTS - Intra Spreads</b>								
<b>CANADIAN HEAVYCRUDE(NET ENRGY) FUT - All Months (CANADIAN HEAVYCRUDE(NET ENRGY) FUT)</b>								
WCC	Spec		New	USD			330	300
WCC	Hedge/Member		New	USD			300	300
<b>NYMEX POWER PRODUCTS - Intra Spreads</b>								
<b>Dow Jones Mead/Marketplace Electricity Price Index 5 MW Off-Peak Swap Futures - All Months (DOW JONES MEAD/MKT 5 MW OFF-PEAK)</b>								
DMO	Spec		New	USD			4	4
DMO	Hedge/Member		New	USD			4	4
<b>Dow Jones Mead/Marketplace Electricity Price Index 5 MW Peak Swap Futures - All Months (DOW JONES MEAD/MKT 5 MW PK SWP)</b>								
DMP	Spec		New	USD			110	100
DMP	Hedge/Member		New	USD			100	100
<b>Dow Jones Palo Verde Electricity Price Index 5 MW Off-Peak Swap Futures - All Months (DOW JONES PALO VERDE 5 MW OFF-PEAK)</b>								
DSO	Spec		New	USD			4	4
DSO	Hedge/Member		New	USD			4	4
<b>Dow Jones Palo Verde Electricity Price Index 5 MW Peak Swap Futures - All Months (DOW JONES PALO VERDE ELEC 5 MW PEAK)</b>								
DSP	Spec		New	USD			110	100
DSP	Hedge/Member		New	USD			100	100

## SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
<b>Short Option Minimum (SOM) Rate</b>					
<b>NYMEX PETROLEUM PRODUCTS - Short Option Minimum (SOM) Rate</b>					
<b>CANADIAN HEAVY CRUDE OIL (NET ENERGY) INDEX FUTURES (NY-WCC) - SOM</b>					
Clearing Member Rate	New			66.00	60.00
<b>HEATING OIL 12 MONTH CALENDAR COMBO (NY-AK) - SOM</b>					
Clearing Member Rate	New			55.00	50.00
<b>NYMEX POWER PRODUCTS - Short Option Minimum (SOM) Rate</b>					
<b>DOW JONES MEAD/MARKETPLACE ELECTRICITY PRICE INDEX 5 MW OFF-PEAK SWAP FUTURES (NY-DMO) - SOM</b>					
Clearing Member Rate	New			33.00	30.00
<b>DOW JONES MEAD/MARKETPLACE ELECTRICITY PRICE INDEX 5 MW PEAK SWAP FUTURES (NY-DMP) - SOM</b>					
Clearing Member Rate	New			88.00	80.00
<b>DOW JONES PALO VERDE ELECTRICITY PRICE INDEX 5 MW OFF-PEAK SWAP FUTURES (NY-DSO) - SOM</b>					
Clearing Member Rate	New			33.00	30.00
<b>DOW JONES PALO VERDE ELECTRICITY PRICE INDEX 5 MW PEAK SWAP FUTURES (NY-DSP) - SOM</b>					
Clearing Member Rate	New			88.00	80.00

## SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
<b>Volatility Scan (volScan) Rate</b>					
<b>NYMEX PETROLEUM PRODUCTS - Volatility Scan (volScan) Rate</b>					
<b>CANADIAN HEAVY CRUDE OIL (NET ENERGY) INDEX FUTURES (NY-WCC) - volScan</b>					
Clearing Member Rate	New				0.08
Clearing Member Rate	New				0.08
<b>HEATING OIL 12 MONTH CALENDAR COMBO (NY-AK) - volScan</b>					
Clearing Member Rate	New				0.08
<b>NYMEX POWER PRODUCTS - Volatility Scan (volScan) Rate</b>					
<b>DOW JONES MEAD/MARKETPLACE ELECTRICITY PRICE INDEX 5 MW OFF-PEAK SWAP FUTURES (NY-DMO) - volScan</b>					
Clearing Member Rate	New				0.08
Clearing Member Rate	New				0.08
Clearing Member Rate	New				0.08
Clearing Member Rate	New				0.08
<b>DOW JONES MEAD/MARKETPLACE ELECTRICITY PRICE INDEX 5 MW PEAK SWAP FUTURES (NY-DMP) - volScan</b>					
Clearing Member Rate	New				0.08
Clearing Member Rate	New				0.08
Clearing Member Rate	New				0.08
Clearing Member Rate	New				0.08
<b>DOW JONES PALO VERDE ELECTRICITY PRICE INDEX 5 MW OFF-PEAK SWAP FUTURES (NY-DSO) - volScan</b>					
Clearing Member Rate	New				0.08
Clearing Member Rate	New				0.08
Clearing Member Rate	New				0.08
Clearing Member Rate	New				0.08
<b>DOW JONES PALO VERDE ELECTRICITY PRICE INDEX 5 MW PEAK SWAP FUTURES (NY-DSP) - volScan</b>					
Clearing Member Rate	New				0.08
Clearing Member Rate	New				0.08
Clearing Member Rate	New				0.08
Clearing Member Rate	New				0.08