



10-432

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements:

DATE: Friday, October 15, 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

**Friday, October 15, 2010.**

Current rates as of:

**Friday, October 15, 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
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## Outright Rates

### COMEX METALS - Outright Rates

#### **GOLD VOLATILITY INDEX (VIX) FUT (GVF)**

GVF	Customer Rate	Tier 1	New	USD			2,750	2,500
GVF	Customer Rate	Tier 2	New	USD			1,650	1,500

### NYMEX CRUDE PRODUCTS - Outright Rates

#### **CRUDE OIL VOLATILITY FUTURE (CVF)**

CVF	Customer Rate	Tier 1	New	USD			3,300	3,000
CVF	Customer Rate	Tier 2	New	USD			2,200	2,000
CVF	Customer Rate	Tier 3	New	USD			1,650	1,500

### NYMEX METALS - Outright Rates

#### **IRON ORE(PLATTS) SWAP FUTURES (PIO)**

PIO	Customer Rate		New	USD			8,800	8,000
PIO	Customer Rate		New	USD			8,000	8,000

## SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
<b>Intra Spreads</b>								
<b>COMEX METALS - Intra Spreads</b>								
<b>Tier 1 vs. Tier 1 (GOLD VOLATILITY INDEX (VIX) FUT)</b>								
GVF	Spec		New	USD			1,100	1,000
GVF	Hedge/Member		New	USD			1,000	1,000
<b>Tier 1 vs. Tier 2 (GOLD VOLATILITY INDEX (VIX) FUT)</b>								
GVF	Spec		New	USD			550	500
GVF	Hedge/Member		New	USD			500	500
<b>Tier 2 vs. Tier 2 (GOLD VOLATILITY INDEX (VIX) FUT)</b>								
GVF	Spec		New	USD			550	500
GVF	Hedge/Member		New	USD			500	500
<b>NYMEX CRUDE PRODUCTS - Intra Spreads</b>								
<b>Tier 1 vs. Tier 1 (CRUDE OIL VOLATILITY FUTURE)</b>								
CVF	Spec		New	USD			1,100	1,000
CVF	Hedge/Member		New	USD			1,000	1,000
<b>Tier 1 vs. Tier 2 (CRUDE OIL VOLATILITY FUTURE)</b>								
CVF	Spec		New	USD			550	500
CVF	Hedge/Member		New	USD			500	500
<b>Tier 1 vs. Tier 3 (CRUDE OIL VOLATILITY FUTURE)</b>								
CVF	Spec		New	USD			550	500
CVF	Hedge/Member		New	USD			500	500
<b>Tier 2 vs. Tier 2 (CRUDE OIL VOLATILITY FUTURE)</b>								
CVF	Spec		New	USD			550	500
CVF	Hedge/Member		New	USD			500	500
<b>Tier 2 vs. Tier 3 (CRUDE OIL VOLATILITY FUTURE)</b>								
CVF	Spec		New	USD			550	500
CVF	Hedge/Member		New	USD			500	500
<b>Tier 3 vs. Tier 3 (CRUDE OIL VOLATILITY FUTURE)</b>								
CVF	Spec		New	USD			550	500
CVF	Hedge/Member		New	USD			500	500
<b>NYMEX METALS - Intra Spreads</b>								
<b>All Months (IRON ORE (PLATTS) SWAP FUTURES)</b>								
PIO	Spec		New	USD			1,760	1,600
PIO	Hedge/Member		New	USD			1,600	1,600

# **SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS**

Rate Type	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
<b>Short Option Minimum (SOM) Rate</b>					
<b>COMEX METALS - Short Option Minimum (SOM) Rate</b>					
<b>GOLD VOLATILITY INDEX (VIX) FUTURE (NY-GVF) - SOM</b>					
Customer Rate	New			110.00	100.00
<b>NYMEX CRUDE PRODUCTS - Short Option Minimum (SOM) Rate</b>					
<b>CRUDE OIL VOLATILITY FUTURE (NY-CVF) - SOM</b>					
Customer Rate	New			110.00	100.00
<b>NYMEX METALS - Short Option Minimum (SOM) Rate</b>					
<b>IRON ORE (PLATTS) SWAP FUTURE (NY-PIO) - SOM</b>					
Customer Rate	New			110.00	100.00

# **SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS**

Rate Type	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
<b>Volatility Scan (volScan) Rate</b>					
<b>COMEX METALS - Volatility Scan (volScan) Rate</b>					
<b>GOLD VOLATILITY INDEX (VIX) FUTURE (NY-GVF) - volScan</b>					
Customer Rate	New				0.06
Customer Rate	New				0.06
<b>NYMEX CRUDE PRODUCTS - Volatility Scan (volScan) Rate</b>					
<b>CRUDE OIL VOLATILITY FUTURE (NY-CVF) - volScan</b>					
Customer Rate	New				0.06
Customer Rate	New				0.06
Customer Rate	New				0.06
<b>NYMEX METALS - Volatility Scan (volScan) Rate</b>					
<b>IRON ORE(PLATTS) SWAP FUTURE (NY-PIO) - volScan</b>					
Customer Rate	New				0.06