



10-482

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements:

DATE: Monday, November 29, 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 CDS products.

The rates will be effective after the close of business on:

**Monday, November 29, 2010.**

Factor		Factor Value		
<b>Systematic</b>		16%		
<b>Sector</b>		20.00%		
<b>Curve</b>	1 yr	6.50%		
	3 yr	4.00%		
	5 yr	0.00%		
	7 yr	-2.50%		
	10 yr	-3.25%		
<b>Convergence/Divergence</b>	IG/HY	+1.7/-1.7		
	IG/HY	-1.7/+1.7		
<b>Basis</b>	IG	0.80%		
	HY	1.60%		
<b>Idiosyncratic</b>	<b>Tier</b>	<b>Spread bps</b>	<b>% of Notional</b>	
	1	0-50	1.00%	
	2	51-75	1.50%	
	3	76-100	2.50%	
	4	101-150	3.00%	
	5	151-200	4.50%	
	6	201-300	5.50%	
	7	301-400	6.60%	
	8	401-500	8.00%	
	9	501-750	8.00%	
	10	751-1000	10.00%	
	11	1001-1500	13.00%	
	12	1501-2000	23.00%	
	13	> 2000	33.00%	
<b>Liquidity</b>	<b>Tier</b>	<b>Spread bps</b>	<b>Minimum Threshold (\$ Millions)</b>	<b>Liquidity Factor (Percent)</b>
	1	0-50	250	0.1250
	2	51-75	200	0.1500
	3	76-100	200	0.2000
	4	101-150	150	0.2250
	5	151-200	150	0.3000
	6	201-300	125	0.3750
	7	301-400	100	0.4000
	8	401-500	100	0.5000
	9	501-750	75	0.5625
	10	751-1000	50	1.0000
	11	1001-1500	50	1.0000
	12	1501-2000	35	1.2500
	13	> 2000	25	1.5000
<b>Gross Notional Minimums</b>				
Investment Grade Index				0.04%