



10-506

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements:

DATE: Thursday, December 16, 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, December 17, 2010.**

Current rates as of:

Thursday, December 16, 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
Outright Rates								
PETROLEUM CRACKS AND SPREADS - Outright Rates								
G.C. NO.6 FUEL PLATTS CRK BALMO (GFC)								
GFC	Spec		New	USD			1,485	1,350
GFC	Hedge/Member		New	USD			1,350	1,350
NY 1% FUEL OIL CRK SPRD BALMO (NFC)								
NFC	Spec		New	USD			1,980	1,800
NFC	Hedge/Member		New	USD			1,800	1,800
NY 1% FUEL OIL VS G.C. 3% FUEL OIL (NFG)								
NFG	Spec		New	USD			1,650	1,500
NFG	Hedge/Member		New	USD			1,500	1,500

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
Intra Spreads								
PETROLEUM CRACKS AND SPREADS - Intra Spreads								
Gulf Coast No. 6 Fuel Oil (Platts) Crack Spread BALMO - All Months (G.C. NO.6 FUEL PLATTS CRK BALMO)								
GFC	Spec		New	USD			528	480
GFC	Hedge/Member		New	USD			480	480
New York 1% Fuel Oil (Platts) Crack Spread BALMO – All Months (NY 1% FUEL OIL CRK SPRD BALMO)								
NFC	Spec		New	USD			528	480
NFC	Hedge/Member		New	USD			480	480
New York 1% Fuel Oil (Platts) vs. Gulf Coast 3% Fuel Oil (Platts) BALMO – All Months (NY 1% FUEL OIL VS G.C. 3% FUEL OIL)								
NFG	Spec		New	USD			330	300
NFG	Hedge/Member		New	USD			300	300

Rate Type	Change	Ratio	Current Initial	Current Maintenance	New Initial	New Maintenance
Inter-commodity Spread Rates						
PETROLEUM CRACKS AND SPREADS - Inter-commodity Spread Rates						
GULF COAST NO. 6 FUEL OIL (PLATTS) CRACK SPREAD SWAP FUTURES (NY-MG - CME) vs GULF COAST NO. 6 FUEL OIL (PLATTS) CRACK SPREAD BALMO (NY-GFC - CME)						
Spread Credit Rate	New	+1:-1			75%	75%
NEW YORK HARBOR RESIDUAL FUEL (PLATTS) CRACK SPREAD SWAP FUTURES (NY-ML - CME) vs NEW YORK 1% FUEL OIL (PLATTS) CRACK SPREAD BALMO (NY-NFC - CME)						
Spread Credit Rate	New	+1:-1			75%	75%
NY 1% FUEL OIL VS. GULF COAST 3% FUEL OIL SPREAD (PLATTS) SWAP FUTURES (NY-VR - CME) vs NEW YORK 1% FUEL OIL (PLATTS) VS. GULF COAST 3% FUEL OIL (PLATTS) BALMO (NY-NFG - CME)						
Spread Credit Rate	New	+1:-1			75%	75%

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	Tier Description	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
Short Option Minimum (SOM) Rate						
PETROLEUM CRACKS AND SPREADS - Short Option Minimum (SOM) Rate						
GULF COAST NO. 6 FUEL OIL (PLATTS) CRACK SPREAD BALMO (GFC) - SOM						
Clearing Member Rate		New			55.00	50.00
NEW YORK 1% FUEL OIL (PLATTS) CRACK SPREAD BALMO (NFC) - SOM						
Clearing Member Rate		New			55.00	50.00
NEW YORK 1% FUEL OIL (PLATTS) VS. GULF COAST 3% FUEL OIL (PLATTS) BALMO (NFG) - SOM						
Clearing Member Rate		New			55.00	50.00

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	Tier Description	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
Volatility Scan (volScan) Rate						
PETROLEUM CRACKS AND SPREADS - Volatility Scan (volScan) Rate						
GULF COAST NO. 6 FUEL OIL (PLATTS) CRACK SPREAD BALMO (GFC) - volScan						
Clearing Member Rate		New				0.08
NEW YORK 1% FUEL OIL (PLATTS) CRACK SPREAD BALMO (NFC) - volScan						
Clearing Member Rate		New				0.08
NEW YORK 1% FUEL OIL (PLATTS) VS. GULF COAST 3% FUEL OIL (PLATTS) BALMO (NFG) - volScan						
Clearing Member Rate		New				0.08