



11-110

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements:

DATE: Friday, March 25, 2011

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, March 26, 2011.

Current rates as of:

Friday, March 25, 2011.

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								
WEATHER - Outright Rates								
KC RAINFALL MONTHLY FUTURE (KC)								
KC	Spec		New	USD			61%	45%
KC	Hedge/Member		New	USD			45%	45%
KC RAINFALL APRIL STRIP FUTURE (KCJ)								
KCJ	Spec		New	USD			61%	45%
KCJ	Hedge/Member		New	USD			45%	45%
KC RAINFALL AUGUST STRIP FUTURE (KCQ)								
KCQ	Spec		New	USD			61%	45%
KCQ	Hedge/Member		New	USD			45%	45%
KC RAINFALL JULY STRIP FUTURE (KCN)								
KCN	Spec		New	USD			61%	45%
KCN	Hedge/Member		New	USD			45%	45%
KC RAINFALL JUNE STRIP FUTURE (KCM)								
KCM	Spec		New	USD			61%	45%
KCM	Hedge/Member		New	USD			45%	45%
KC RAINFALL MARCH STRIP FUTURE (KCH)								
KCH	Spec		New	USD			61%	45%
KCH	Hedge/Member		New	USD			45%	45%
KC RAINFALL MAY STRIP FUTURE (KCK)								
KCK	Spec		New	USD			61%	45%
KCK	Hedge/Member		New	USD			45%	45%
KC RAINFALL SEPTEMBER STRIP FUTURE (KCU)								
KCU	Spec		New	USD			61%	45%
KCU	Hedge/Member		New	USD			45%	45%
KC RAINFALL SYNTH APRIL STRIP FUTUR (KMJ)								
KMJ	Spec		New	USD			61%	45%
KMJ	Hedge/Member		New	USD			45%	45%
KC RAINFALL SYNTH AUGUST STRIP FUTU (KMQ)								
KMQ	Spec		New	USD			61%	45%
KMQ	Hedge/Member		New	USD			45%	45%
KC RAINFALL SYNTH JULY STRIP FUTURE (KMN)								
KMN	Spec		New	USD			61%	45%
KMN	Hedge/Member		New	USD			45%	45%
KC RAINFALL SYNTH JUNE STRIP FUTURE (KMM)								

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
Outright Rates								
KMM	Spec		New	USD			61%	45%
KMM	Hedge/Member		New	USD			45%	45%
KC RAINFALL SYNTH MARCH STRIP FUTUR (KMH)								
KMH	Spec		New	USD			61%	45%
KMH	Hedge/Member		New	USD			45%	45%
KC RAINFALL SYNTH MAY STRIP FUTURE (KMK)								
KMK	Spec		New	USD			61%	45%
KMK	Hedge/Member		New	USD			45%	45%
KC RAINFALL SYNTH MONTHLY FUTURE (KM)								
KM	Spec		New	USD			61%	45%
KM	Hedge/Member		New	USD			45%	45%
KC RAINFALL SYNTH SEPTEMBER STRIP F (KMU)								
KMU	Spec		New	USD			61%	45%
KMU	Hedge/Member		New	USD			45%	45%

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	Tier Description	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
Short Option Minimum (SOM) Rate						
WEATHER - Short Option Minimum (SOM) Rate						
KANSAS CITY RAINFALL INDEX (KC) - SOM						
Clearing Member Rate		New			40.50	30.00
KANSAS CITY BINARY RAINFALL INDEX (KM) - SOM						
Clearing Member Rate		New			40.50	30.00
KANSAS CITY BINARY RAINFALL STRIP (KMH, KMJ, KMK, KMM, KMN, KMQ, KMU) - SOM						
Clearing Member Rate		New			40.50	30.00
KANSAS CITY RAINFALL STRIP (KCH, KCJ, KCK, KCM, KCN, KCQ, KCU) - SOM						
Clearing Member Rate		New			40.50	30.00

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	Tier Description	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
Volatility Scan (volScan) Rate						
WEATHER - Volatility Scan (volScan) Rate						
KANSAS CITY RAINFALL INDEX (KC) - volScan						
Clearing Member Rate		New				2.00%
KANSAS CITY BINARY RAINFALL INDEX (KM) - volScan						
Clearing Member Rate		New				2.00%
KANSAS CITY BINARY RAINFALL STRIP (KMH, KMJ, KMK, KMM, KMN, KMQ, KMU) - volScan						
Clearing Member Rate		New				2.00%
KANSAS CITY RAINFALL STRIP (KCH, KCJ, KCK, KCM, KCN, KCQ, KCU) - volScan						
Clearing Member Rate		New				2.00%