11-191

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Friday, June 03, 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

Monday, June 06, 2011.

Current rates as of:

Friday, June 03, 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								
INTEREST RATES - Outright Rates								
10Y TREASURY NOTE FUTURES (21)								
21	Spec		Decrease	USD	2,160	1,600	1,755	1,300
21	Hedge/Member		Decrease	USD	1,600	1,600	1,300	1,300
10-YEAR ON-THE-RUN TREASURY (TEN)								
TEN	Spec		Decrease	USD	2,160	1,600	1,755	1,300
TEN	Hedge/Member		Decrease	USD	1,600	1,600	1,300	1,300
30 YR U.S. TREASURY BOND FUTURES (17)								
17	Spec		Decrease	USD	3,713	2,750	3,375	2,500
17	Hedge/Member		Decrease	USD	2,750	2,750	2,500	2,500
7-YR INTEREST RATE SWAP FUT (7I)								
7I	Spec		Decrease	USD	1,890	1,400	1,485	1,100
7I	Hedge/Member		Decrease	USD	1,400	1,400	1,100	1,100
LONG TERM U.S. TREASURY BOND FUTURE (UBE)								
UBE	Spec		Decrease	USD	4,928	3,650	4,590	3,400
UBE	Hedge/Member		Decrease	USD	3,650	3,650	3,400	3,400

Rate Type	Tier Description	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
Volatility Scan (volScan) Rate						
INTEREST RATES - Volatility Scan (volScan) Rate						
10-YEAR T-NOTE (21, 55) - volScan						
Clearing Member Rate		Decrease		0.04		0.03
5-YEAR T-NOTE (25, 57) - volScan						
Clearing Member Rate		Decrease		0.03		0.02
U.S. TREASURY BOND (17, 53) - volScan						
Clearing Member Rate		Decrease		0.05		0.04
ULTRA LONG TREASURY BOND (UBE) - volScan						
Clearing Member Rate		Decrease		0.05		0.04