



11-228

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements:

DATE: Wednesday, June 29, 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

Friday, July 8, 2011.

The CDS products will be margined through the CME multi-factor margin model that now utilizes six factors to assess the risk exposures of the products and then aggregates those factors and compares them to portfolio minimum amounts to arrive at the total maintenance margin amount. Initial margin will be calculated at 1.1x the maintenance margin.

Factor		Factor Value
Systematic		13.50%
Sector		10.50%
Convergence/Divergence	IG/HY	+1.65%/-1.65%
	IG/HY	-1.65%/+1.65%
Curve	Instrument	% of Notional
	IG Index	0.20%
	HY Index	0.40%
Idiosyncratic	Parameter	Description
	JTD	Price-Jump-to-Recovery
	JTH	Price-Jump-to-Health
Liquidity	Parameter	Value
	IG Index DST	9
	HY Index DST	7
Gross Notional Minimums		
Investment Grade Index		0.10%
High Yield Index		0.25%