



11-235

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Thursday, July 07, 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 08, 2011.**

Current rates as of:

**Thursday, July 07, 2011.**

In this current advisory there are changes to the Short Option Minimum, the Volatility Scan Range, and/or the Delivery (Spot) Charge. 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.

The Delivery (Spot) Charge is an additional charge for evaluating the increased risk of positions in physically-deliverable products as they approach or enter their delivery period.

Tier Changes for Corn Futures (C)

Note: The revisions are in **bold**.

Tiers	Old	New
1	1 <sup>st</sup> Nearby – Old/New Crop Break	<b>1<sup>st</sup> Nearby</b>
2	New Crop Month 1 – 6 <sup>th</sup> Nearby	<b>2<sup>nd</sup> Nearby – Old/New Crop Break</b>
3	>7 <sup>th</sup> Nearby	<b>New Crop Month 1 – 5<sup>th</sup> Nearby</b>
4		<b>&gt;6<sup>th</sup> Nearby</b>

## SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
----	-----------	-------------	--------	-----	-----------------	---------------------	-------------	-----------------

### Outright Rates

#### AGRICULTURE - Outright Rates

#### CORN (C) – Spot Rate Add-On (CORN FUTURES)

C	Spec		New	USD			338	250
C	Hedge/Member		New	USD			250	250

#### MINI-SIZED CORN (YC) – Spot Rate Add-On (MINI-SIZED CORN FUTURES)

YC	Spec	New Crop	New	USD			68	50
YC	Hedge/Member	New Crop	New	USD			50	50

## SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
<b>Intra Spreads</b>								
<b>AGRICULTURE - Intra Spreads</b>								
<b>CORN (C) - Spot Spread Rate Add-On (CORN FUTURES)</b>								
C	Spec		New	USD			338	250
C	Hedge/Member		New	USD			250	250
<b>MINI-SIZED CORN (YC) - Spot Spread Rate Add-On (MINI-SIZED CORN FUTURES)</b>								
YC	Spec		New	USD			68	50
YC	Hedge/Member		New	USD			50	50
<b>Wheat (CBOT) (W) - Old Crop vs. New Crop (July through May) (MINI-SIZED WHEAT FUTURES)</b>								
YW	Spec		Increase	USD	61	45	108	80
YW	Hedge/Member		Increase	USD	45	45	80	80
<b>Wheat (CBOT) (W) - Old Crop vs. New Crop (July through May) (WHEAT FUTURES)</b>								
W	Spec		Increase	USD	304	225	540	400
W	Hedge/Member		Increase	USD	225	225	400	400
<b>Wheat (CBOT) (W) - Same Crop Year (MINI-SIZED WHEAT FUTURES)</b>								
YW	Spec		Increase	USD	61	45	108	80
YW	Hedge/Member		Increase	USD	45	45	80	80
<b>Wheat (CBOT) (W) - Same Crop Year (WHEAT FUTURES)</b>								
W	Spec		Increase	USD	304	225	540	400
W	Hedge/Member		Increase	USD	225	225	400	400

Rate Type	Tier Description	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
<b>Volatility Scan (volScan) Rate</b>						
<b>AGRICULTURE - Volatility Scan (volScan) Rate</b>						
<b>CORN (C, YC) - volScan</b>						
Clearing Member Rate	Tier 1	Increase		0.10		0.12
Clearing Member Rate	Tier 2	Decrease		0.10		0.07
Clearing Member Rate	Tier 3	Same		0.07		0.07
Clearing Member Rate	Tier 4	New				0.05