



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 st Nearby – Old/New Crop Break | 1st Nearby |
| 2 | New Crop Month 1 – 6 th Nearby | 2nd Nearby – Old/New Crop Break |
| 3 | >7 th Nearby | New Crop Month 1 – 5th Nearby |
| 4 | | >6th Nearby |

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

| Rate Type | <u>Tier Description</u> | Change | Current Initial | Current Maintenance | New Initial | New Maintenance |
|---------------------------------------|-------------------------|--------|-----------------|---------------------|-------------|-----------------|
| Volatility Scan (volScan) Rate | | | | | | |

AGRICULTURE - Volatility Scan (volScan) Rate

| | | | | | | |
|-------------------------------|--------|----------|--|--|------|------|
| CORN (C, YC) - volScan | | | | | | |
| 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 |