11-256

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Friday, July 22, 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, July 23, 2011.**

Current rates as of:
Friday, July 22, 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								
			COAL - Outright Rates					
AUSTRALIAN COKING COAL(PLATTS) SWAP (ACL)								
ACL	Spec		New	USD			7,150	6,500
ACL	Hedge/Member		New	USD			6,500	6,500
			NATURAL GAS - Outright Rates					
PPEC PHYSICAL BASIS (PPE)								
PPE	Spec		New	USD			330	300
PPE	Hedge/Member		New	USD			300	300

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
Intra Spreads								
				COAL - Intra Spreads				
Australian Coking Coal (Platts) Swap Futures - All Months (AUSTRALIAN COKING COAL(PLATTS) SWAP)								
ACL	Spec		New	USD			1,100	1,000
ACL	Hedge/Member		New	USD			1,000	1,000
				NATURAL GAS - Intra Spreads				
Pine Prairie Energy Center (PPEC) Physically Deliverd Natural Gas Monthly Basis Futures - All Months (PPEC PHYSICAL BASIS)								
PPE	Spec		New	USD			110	100
PPE	Hedge/Member		New	USD			100	100

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	Tier Description	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
Short Option Minimum (SOM) Rate						
COAL - Short Option Minimum (SOM) Rate						
AUSTRALIAN COKING COAL (PLATTS) SWAP FUTURES (ACL) - SOM						
Clearing Member Rate		New			110.00	100.00
NATURAL GAS - Short Option Minimum (SOM) Rate						
PINE PRAIRIE ENERGY CENTER (PPEC) PHYSICALLY DELIVERD NATURAL GAS MONTHLY BASIS FUTURES (PPE) - SOM						
Clearing Member Rate		New			55.00	50.00

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	Tier Description	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
Volatility Scan (volScan) Rate						
COAL - Volatility Scan (volScan) Rate						
AUSTRALIAN COKING COAL (PLATTS) SWAP FUTURES (ACL) - volScan						
Clearing Member Rate		New				0.08
NATURAL GAS - Volatility Scan (volScan) Rate						
PINE PRAIRIE ENERGY CENTER (PPEC) PHYSICALLY DELIVERD NATURAL GAS MONTHLY BASIS FUTURES (PPE) - volScan						
Clearing Member Rate		New				0.08