



11-306

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Friday, August 26, 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, August 27, 2011.**

Current rates as of:

**Thursday, August 25, 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
<b>Outright Rates</b>								
<b>COAL - Outright Rates</b>								
<b>AUSTRALIAN COKING (ARGUS) LOW VOL (ACR)</b>								
ACR	Spec		New	USD			13,200	12,000
ACR	Hedge/Member		New	USD			12,000	12,000
<b>AUSTRALIAN COKING (PLATTS) LOW VOL (ALW)</b>								
ALW	Spec		New	USD			13,200	12,000
ALW	Hedge/Member		New	USD			12,000	12,000
<b>ENVIRONMENTAL - Outright Rates</b>								
<b>CALIFORNIA CARBON ALLOWANCES (CCA)</b>								
CCA	Spec		New	USD			1,650	1,500
CCA	Hedge/Member		New	USD			1,500	1,500
<b>NATURAL GAS - Outright Rates</b>								
<b>SOCAL GAS CITY-GATE (PLATTS IFERC) (SGW)</b>								
SGW	Spec	Mth 1 - 1	New	USD			1,100	1,000
SGW	Hedge/Member	Mth 1 - 1	New	USD			1,000	1,000
SGW	Spec	Mth 2 - 2	New	USD			990	900
SGW	Hedge/Member	Mth 2 - 2	New	USD			900	900
SGW	Spec	Mth 3 - 6	New	USD			935	850
SGW	Hedge/Member	Mth 3 - 6	New	USD			850	850
SGW	Spec	Mth 7 - 12	New	USD			660	600
SGW	Hedge/Member	Mth 7 - 12	New	USD			600	600
SGW	Spec	Mth 13+	New	USD			660	600
SGW	Hedge/Member	Mth 13+	New	USD			600	600

## SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
<b>Intra Spreads</b>								
<b>COAL - Intra Spreads</b>								
<b>Australian Coking Coal (Argus) Low Vol Swap Futures [All Months] (AUSTRALIAN COKING (ARGUS) LOW VOL)</b>								
ACR	Spec		New	USD			2,200	2,000
ACR	Hedge/Member		New	USD			2,000	2,000
<b>Australian Coking Coal (Platts) Low Vol Swap Futures [All Months] (AUSTRALIAN COKING (PLATTS) LOW VOL)</b>								
ALW	Spec		New	USD			2,200	2,000
ALW	Hedge/Member		New	USD			2,000	2,000
<b>ENVIRONMENTAL - Intra Spreads</b>								
<b>California Carbon Allowance Futures [All Months] (CALIFORNIA CARBON ALLOWANCES)</b>								
CCA	Spec		New	USD			440	400
CCA	Hedge/Member		New	USD			400	400

## SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
<b>Intra Spreads</b>								
<b>NATURAL GAS - Intra Spreads</b>								
<b>SoCal Gas City-Gate Swap (Platts IFERC) Futures - Tier 1 vs Tier 3 (SOCAL GAS CITY-GATE (PLATTS IFERC))</b>								
SGW	Spec		New	USD			220	200
SGW	Hedge/Member		New	USD			200	200
<b>SoCal Gas City-Gate Swap (Platts IFERC) Futures - Tier 1 vs. Tier 2 (SOCAL GAS CITY-GATE (PLATTS IFERC))</b>								
SGW	Spec		New	USD			220	200
SGW	Hedge/Member		New	USD			200	200
<b>SoCal Gas City-Gate Swap (Platts IFERC) Futures Tier 1 vs Tier 4 (SOCAL GAS CITY-GATE (PLATTS IFERC))</b>								
SGW	Spec		New	USD			220	200
SGW	Hedge/Member		New	USD			200	200
<b>SoCal Gas City-Gate Swap (Platts IFERC) Futures Tier 1 vs Tier 5 (SOCAL GAS CITY-GATE (PLATTS IFERC))</b>								
SGW	Spec		New	USD			220	200
SGW	Hedge/Member		New	USD			200	200
<b>SoCal Gas City-Gate Swap (Platts IFERC) Futures Tier 2 vs Tier 5 (SOCAL GAS CITY-GATE (PLATTS IFERC))</b>								
SGW	Spec		New	USD			220	200
SGW	Hedge/Member		New	USD			200	200
<b>SoCal Gas City-Gate Swap (Platts IFERC) Futures Tier 2 vs. Tier 3 (SOCAL GAS CITY-GATE (PLATTS IFERC))</b>								
SGW	Spec		New	USD			220	200
SGW	Hedge/Member		New	USD			200	200
<b>SoCal Gas City-Gate Swap (Platts IFERC) Futures Tier 2 vs. Tier 4 (SOCAL GAS CITY-GATE (PLATTS IFERC))</b>								
SGW	Spec		New	USD			220	200
SGW	Hedge/Member		New	USD			200	200
<b>SoCal Gas City-Gate Swap (Platts IFERC) Futures Tier 3 vs Tier 4 (SOCAL GAS CITY-GATE (PLATTS IFERC))</b>								
SGW	Spec		New	USD			220	200
SGW	Hedge/Member		New	USD			200	200
<b>SoCal Gas City-Gate Swap (Platts IFERC) Futures Tier 3 vs Tier 5 (SOCAL GAS CITY-GATE (PLATTS IFERC))</b>								
SGW	Spec		New	USD			220	200
SGW	Hedge/Member		New	USD			200	200
<b>SoCal Gas City-Gate Swap (Platts IFERC) Futures Tier 3 vs. Tier 3 (SOCAL GAS CITY-GATE (PLATTS IFERC))</b>								
SGW	Spec		New	USD			220	200
SGW	Hedge/Member		New	USD			200	200
<b>SoCal Gas City-Gate Swap (Platts IFERC) Futures Tier 4 vs Tier 4 (SOCAL GAS CITY-GATE (PLATTS IFERC))</b>								
SGW	Spec		New	USD			220	200
SGW	Hedge/Member		New	USD			200	200

## SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
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### Intra Spreads

#### **SoCal Gas City-Gate Swap (Platts IFERC) Futures Tier 4 vs. Tier 5 (SOCAL GAS CITY-GATE (PLATTS IFERC))**

SGW	Spec		New	USD			220	200
SGW	Hedge/Member		New	USD			200	200

#### **SoCal Gas City-Gate Swap (Platts IFERC) Futures Tier 5 vs. Tier 5 (SOCAL GAS CITY-GATE (PLATTS IFERC))**

SGW	Spec		New	USD			220	200
SGW	Hedge/Member		New	USD			200	200

## SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	<u>Tier Description</u>	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
<b>Short Option Minimum (SOM) Rate</b>						
<b>COAL - Short Option Minimum (SOM) Rate</b>						
<b>AUSTRALIAN COKING COAL (ARGUS) LOW VOL SWAP FUTURES (ACR) - SOM</b>						
Clearing Member Rate		New			110.00	100.00
<b>AUSTRALIAN COKING COAL (PLATTS) LOW VOL SWAP FUTURES (ALW) - SOM</b>						
Clearing Member Rate		New			110.00	100.00
<b>ENVIRONMENTAL - Short Option Minimum (SOM) Rate</b>						
<b>CALIFORNIA CARBON ALLOWANCE FUTURES (CCA) - SOM</b>						
Clearing Member Rate		New			55.00	50.00
<b>NATURAL GAS - Short Option Minimum (SOM) Rate</b>						
<b>SOCAL GAS CITY-GATE SWAP (PLATTS IFERC) FUTURES (SGW) - SOM</b>						
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
<b>Volatility Scan (volScan) Rate</b>						
<b>COAL - Volatility Scan (volScan) Rate</b>						
<b>AUSTRALIAN COKING COAL (ARGUS) LOW VOL SWAP FUTURES (ACR) - volScan</b>						
Clearing Member Rate		New				0.08
<b>AUSTRALIAN COKING COAL (PLATTS) LOW VOL SWAP FUTURES (ALW) - volScan</b>						
Clearing Member Rate		New				0.08
<b>ENVIRONMENTAL - Volatility Scan (volScan) Rate</b>						
<b>CALIFORNIA CARBON ALLOWANCE FUTURES (CCA) - volScan</b>						
Clearing Member Rate		New				0.08
<b>NATURAL GAS - Volatility Scan (volScan) Rate</b>						
<b>SOCAL GAS CITY-GATE SWAP (PLATTS IFERC) FUTURES (SGW) - volScan</b>						
Clearing Member Rate	Mth 1 - 1	New				0.15
Clearing Member Rate	Mth 2 - 2	New				0.10
Clearing Member Rate	Mth 3 - 6	New				0.08
Clearing Member Rate	Mth 7 - 12	New				0.06
Clearing Member Rate	Mth 13+	New				0.04