



12-025

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Thursday, January 19, 2012

***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, January 21, 2012.**

Current rates as of:

**Wednesday, January 18, 2012.**

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
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### Outright Rates

#### REFINED PRODUCTS - Outright Rates

#### NY ULSD FINANCIAL (ULS)

ULS	Spec		New	USD			5,500	5,000
ULS	Hedge/Member		New	USD			5,000	5,000

## SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
<b>Intra Spreads</b>								
<b>REFINED PRODUCTS - Intra Spreads</b>								
<b>New York Harbor Ultra Low Sulfur Diesel (ULSD) - All Months (LH TAS NYMEX GULF COAST ULS)</b>								
LHT	Spec		Increase	USD	825	750	1,100	1,000
LHT	Hedge/Member		Increase	USD	750	750	1,000	1,000
<b>New York Harbor Ultra Low Sulfur Diesel (ULSD) - All Months (NEW YORK HARBOR ULSD)</b>								
LH	Spec		Increase	USD	825	750	1,100	1,000
LH	Hedge/Member		Increase	USD	750	750	1,000	1,000
<b>NY ULSD Financial Futures - All Months (NY ULSD FINANCIAL)</b>								
ULS	Spec		New	USD			1,100	1,000
ULS	Hedge/Member		New	USD			1,000	1,000

Rate Type	Change	Ratio	Current Initial	Current Maintenance	New Initial	New Maintenance
<b>Inter-commodity Spread Rates</b>						
<b>REFINED PRODUCTS - Inter-commodity Spread Rates</b>						
<b>NEW YORK HARBOR ULTRA-LOW SULFUR DIESEL (ULSD) FUTURES (NY-LH - CME) vs NY ULSD FINANCIAL FUTURES (NY-ULS - CME)</b>						
Spread Credit Rate	New	+1:-1			98%	98%

## 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>REFINED PRODUCTS - Short Option Minimum (SOM) Rate</b>						
<b>NEW YORK HARBOR ULTRA-LOW SULFUR DIESEL (ULSD) FUTURES (LH, LHT, ULE, ULO) - SOM</b>						
Clearing Member Rate		Increase	11.00	10.00	44.00	40.00
<b>NY ULSD FINANCIAL FUTURES (ULS) - SOM</b>						
Clearing Member Rate		New			44.00	40.00

## SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	<u>Tier Description</u>	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
<b>Volatility Scan (volScan) Rate</b>						
<b>REFINED PRODUCTS - Volatility Scan (volScan) Rate</b>						
<b>NEW YORK HARBOR ULTRA-LOW SULFUR DIESEL (ULSD) FUTURES (LH, LHT, ULE, ULO) - volScan</b>						
Clearing Member Rate		Increase		0.03		0.05
<b>NY ULSD FINANCIAL FUTURES (ULS) - volScan</b>						
Clearing Member Rate		New				0.05