



12-127

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Thursday, March 22, 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

Friday, March 23, 2012.

Current rates as of:

Thursday, March 22, 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

ELECTRICITY - Outright Rates

MIDWEST ISO MICHIGAN HUB 5MW PEAK C (HMW)

HMW	Spec	Mnth 1	New	USD			495	450
HMW	Hedge/Member	Mnth 1	New	USD			450	450
HMW	Spec	Mnth 2-6	New	USD			165	150
HMW	Hedge/Member	Mnth 2-6	New	USD			150	150
HMW	Spec	Mnth 7-11	New	USD			138	125
HMW	Hedge/Member	Mnth 7-11	New	USD			125	125
HMW	Spec	Mnth 12+	New	USD			138	125
HMW	Hedge/Member	Mnth 12+	New	USD			125	125

MISO MICHIGAN HUB OF-PK DA MONTHLY (HMO)

HMO	Spec	Mnth 1	New	USD			22	20
HMO	Hedge/Member	Mnth 1	New	USD			20	20
HMO	Spec	Mnths 2-6	New	USD			11	10
HMO	Hedge/Member	Mnths 2-6	New	USD			10	10
HMO	Spec	Mnths 7-11	New	USD			11	10
HMO	Hedge/Member	Mnths 7-11	New	USD			10	10
HMO	Spec	Mnths 12+	New	USD			11	10
HMO	Hedge/Member	Mnths 12+	New	USD			10	10

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 VS HEAT OIL BALMO SWAP (ULB)

ULB	Spec		New	USD			1,485	1,350
ULB	Hedge/Member		New	USD			1,350	1,350

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
Intra Spreads								
ELECTRICITY - Intra Spreads								
Midwest ISO Michigan Hub 5 MW Off-Peak Calendar-Month Day-Ahead Swap Futures - All Months (MISO MICHIGAN HUB OF-PK DA MONTHLY)								
HMO	Spec		New	USD			3	3
HMO	Hedge/Member		New	USD			3	3
Midwest ISO Michigan Hub 5 MW Peak Calendar-Month Day-Ahead Swap Futures - All Months (MIDWEST ISO MICHIGAN HUB 5MW PEAK C)								
HMW	Spec		New	USD			83	75
HMW	Hedge/Member		New	USD			75	75
REFINED PRODUCTS - Intra Spreads								
NY ULSD (Argus) vs. Heating Oil Spread Balmo Swap Futures - All Months (NY ULSD VS HEAT OIL BALMO SWAP)								
ULB	Spec		New	USD			825	750
ULB	Hedge/Member		New	USD			750	750

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	<u>Tier Description</u>	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
Short Option Minimum (SOM) Rate						
ELECTRICITY - Short Option Minimum (SOM) Rate						
MIDWEST ISO MICHIGAN HUB 5 MW OFF-PEAK CALENDAR-MONTH DAY-AHEAD SWAP FUTURES (HMO) - SOM						
Clearing Member Rate		New			33.00	30.00
MIDWEST ISO MICHIGAN HUB 5 MW PEAK CALENDAR-MONTH DAY-AHEAD SWAP FUTURES (HMW) - SOM						
Clearing Member Rate		New			66.00	60.00
REFINED PRODUCTS - Short Option Minimum (SOM) Rate						
NY ULSD (ARGUS) VS. HEATING OIL SPREAD BALMO SWAP FUTURES (ULB) - 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						
ELECTRICITY - Volatility Scan (volScan) Rate						
MIDWEST ISO MICHIGAN HUB 5 MW OFF-PEAK CALENDAR-MONTH DAY-AHEAD SWAP FUTURES (HMO) - volScan						
Clearing Member Rate	Mnth 1	New				0.08
Clearing Member Rate	Mnths 2-6	New				0.08
Clearing Member Rate	Mnths 7-11	New				0.08
Clearing Member Rate	Mnths 12+	New				0.08
MIDWEST ISO MICHIGAN HUB 5 MW PEAK CALENDAR-MONTH DAY-AHEAD SWAP FUTURES (HMW) - volScan						
Clearing Member Rate	Mnth 1	New				0.08
Clearing Member Rate	Mnth 2-6	New				0.08
Clearing Member Rate	Mnth 7-11	New				0.08
Clearing Member Rate	Mnth 12+	New				0.08
REFINED PRODUCTS - Volatility Scan (volScan) Rate						
NY ULSD (ARGUS) VS. HEATING OIL SPREAD BALMO SWAP FUTURES (ULB) - volScan						
Clearing Member Rate		New				0.08