



12-132

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Friday, March 23, 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

**Monday, March 26, 2012.**

Current rates as of:

**Friday, March 23, 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
<b>Outright Rates</b>								
<b>AGRICULTURE - Outright Rates</b>								
<b>DEC-DEC WHEAT SYNT CAL SPRD (WCZ)</b>								
WCZ	Spec		New	USD			135	100
WCZ	Hedge/Member		New	USD			100	100
<b>SOYBEAN MAY-NOV SYNT COMBO (C7S)</b>								
C7S	Spec		New	USD			675	500
C7S	Hedge/Member		New	USD			500	500

## **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>AGRICULTURE - Short Option Minimum (SOM) Rate</b>						
<b>SOYBEAN CALENDAR OPTION - MAY/NOV (C7S, C7S) - SOM</b>						
Clearing Member Rate		New			1.35%	1.00%
<b>WHEAT CALENDAR OPTION - DEC/DEC (WCZ, WCZ) - SOM</b>						
Clearing Member Rate		New			1.35%	1.00%

## **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>AGRICULTURE - Volatility Scan (volScan) Rate</b>						
Clearing Member Rate		New				25.00
<b>SOYBEAN CALENDAR OPTION - MAY/NOV (C7S, C7S) - volScan</b>						
Clearing Member Rate		New				25.00
<b>WHEAT CALENDAR OPTION - DEC/DEC (WCZ, WCZ) - volScan</b>						
Clearing Member Rate		New				25.00