



12-214

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Friday, May 18, 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, May 21, 2012.**

Current rates as of:

Friday, May 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

Rate Type	Change	Ratio	Current Initial	Current Maintenance	New Initial	New Maintenance
Inter-commodity Spread Rates						
AGRICULTURE - Inter-commodity Spread Rates						
Corn (CBOT) (C) vs. Soymeal (CBOT) (06)						
Spread Credit Rate	Decrease	+1:-1	55%	55%	45%	45%
Feeder Cattle (FC) vs. Lean Hogs (LN)						
Spread Credit Rate	Decrease	+1:-2	40%	40%	30%	30%
Live Cattle (LC) vs. Lean Hogs (LN)						
Spread Credit Rate	Decrease	+1:-1	50%	50%	30%	30%
OATS (O - CME) vs ETHANOL (EH - CME)						
Spread Credit Rate	New	+1:-1			50%	50%
SOYBEAN OIL (07 - CME) vs ETHANOL (EH - CME)						
Spread Credit Rate	New	+1:-1			50%	50%
Soybean Oil (CBOT) (07) vs. Soybean (CBOT) (S)						
Spread Credit Rate	Decrease	+2:-1	50%	50%	30%	30%
SOYBEANS (S - CME) vs ETHANOL (EH - CME)						
Spread Credit Rate	New	+1:-1			55%	55%
Soymeal (CBOT) (06) vs. Soybean (CBOT) (S)						
Spread Credit Rate	Decrease	+1:-1	45%	45%	30%	30%
Soymeal (CBOT) (06) vs. Soybean Oil (CBOT) (07)						
Spread Credit Rate	Decrease	+1:-1	70%	70%	50%	50%
WHEAT (W - CME) vs ETHANOL (EH - CME)						
Spread Credit Rate	New	+1:-1			65%	65%
WHEAT (W - CME) vs OATS (O - CME)						
Spread Credit Rate	New	+1:-1			55%	55%
WHEAT (W - CME) vs SOYBEANS (S - CME)						
Spread Credit Rate	Decrease	+3:-2	70%	70%	60%	60%

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	Change	Ratio	Current Initial	Current Maintenance	New Initial	New Maintenance
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Inter-commodity Spread Rates

COAL - Inter-commodity Spread Rates

IN DELIVERY MONTH CERTIFIED EMISSION REDUCTION (CER) FUTURES (NY-6S - CME) vs COAL (API 2) CIF ARA (ARGUS/MCCLOSKEY) SWAP FUTURES (NY-MTF - CME)

Spread Credit Rate	Increase	+10:-1	0%	0%	30%	30%
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IN DELIVERY MONTH CERTIFIED EMISSION REDUCTION (CER) FUTURES (NY-6S - CME) vs COAL (API 4) FOB RICHARDS BAY (ARGUS/MCCLOSKEY) SWAP FUTURES (NY-MFF - CME)

Spread Credit Rate	Increase	+10:-1	0%	0%	30%	30%
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IN DELIVERY MONTH EUROPEAN UNION ALLOWANCE (EUA) FUTURES (NY-6T - CME) vs COAL (API 4) FOB RICHARDS BAY (ARGUS/MCCLOSKEY) SWAP FUTURES (NY-MFF - CME)

Spread Credit Rate	Increase	+10:-1	0%	0%	30%	30%
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CRUDE OIL - Inter-commodity Spread Rates

IN DELIVERY MONTH CERTIFIED EMISSION REDUCTION (CER) FUTURES (NY-6S - CME) vs BRENT CRUDE OIL LAST DAY FINANCIAL FUTURES (NY-BZ - CME)

Spread Credit Rate	New	+6:-1			30%	30%
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ENVIRONMENTAL - Inter-commodity Spread Rates

EUROPEAN UNION ALLOWANCE (EUA) FUTURES (NYM-RC - CME) vs CARBON CERTIFIED EMISSION REDUCTION (NYM-VA - CME)

Spread Credit Rate	Decrease	+1:-1	80%	80%	70%	70%
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IN DELIVERY MONTH CERTIFIED EMISSION REDUCTION (CER) FUTURES (NY-6S - CME) vs BRENT CRUDE OIL LAST DAY FINANCIAL FUTURES (NY-BZ - CME)

Spread Credit Rate	New	+6:-1			30%	30%
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IN DELIVERY MONTH CERTIFIED EMISSION REDUCTION (CER) FUTURES (NY-6S - CME) vs COAL (API 2) CIF ARA (ARGUS/MCCLOSKEY) SWAP FUTURES (NY-MTF - CME)

Spread Credit Rate	Increase	+10:-1	0%	0%	30%	30%
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IN DELIVERY MONTH CERTIFIED EMISSION REDUCTION (CER) FUTURES (NY-6S - CME) vs COAL (API 4) FOB RICHARDS BAY (ARGUS/MCCLOSKEY) SWAP FUTURES (NY-MFF - CME)

Spread Credit Rate	Increase	+10:-1	0%	0%	30%	30%
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IN DELIVERY MONTH EUROPEAN UNION ALLOWANCE (EUA) (NYM-6T - CME) vs IN DELIVERY MONTH CERTIFIED EMISSION REDUCTION (CER) (NYM-6S - CME)

Spread Credit Rate	Decrease	+1:-1	80%	80%	70%	70%
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IN DELIVERY MONTH EUROPEAN UNION ALLOWANCE (EUA) FUTURES (NY-6T - CME) vs COAL (API 4) FOB RICHARDS BAY (ARGUS/MCCLOSKEY) SWAP FUTURES (NY-MFF - CME)

Spread Credit Rate	Increase	+10:-1	0%	0%	30%	30%
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IN DELIVERY MONTH EUROPEAN UNION ALLOWANCE (EUA) FUTURES (NY-6T - CME) vs IN DELIVERY MONTH CERTIFIED EMISSION REDUCTION (CER) FUTURES (NY-6S - CME)

Spread Credit Rate	Decrease	+1:-1	80%	80%	70%	70%
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SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	Change	Ratio	Current Initial	Current Maintenance	New Initial	New Maintenance
Inter-commodity Spread Rates						
ETHANOL - Inter-commodity Spread Rates						
OATS (O - CME) vs ETHANOL (EH - CME)						
Spread Credit Rate	New	+1:-1			50%	50%
SOYBEAN OIL (O7 - CME) vs ETHANOL (EH - CME)						
Spread Credit Rate	New	+1:-1			50%	50%
SOYBEANS (S - CME) vs ETHANOL (EH - CME)						
Spread Credit Rate	New	+1:-1			55%	55%
WHEAT (W - CME) vs ETHANOL (EH - CME)						
Spread Credit Rate	New	+1:-1			65%	65%

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	Tier Description	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
Volatility Scan (volScan) Rate						
AGRICULTURE - Volatility Scan (volScan) Rate						
CASH SETTLED BUTTER (9R, CB, CB, DB, DB) - volScan						
Clearing Member Rate		Decrease		0.07		0.05
CASH SETTLED CHEESE (CSC, CSC) - volScan						
Clearing Member Rate		Decrease		0.07		0.05
CORN (C, C, YC) - volScan						
Clearing Member Rate	Mnth 1	Decrease		0.12		0.08
Clearing Member Rate	Old Crop	Decrease		0.07		0.05
Clearing Member Rate	New Crop	Decrease		0.07		0.04
Clearing Member Rate	2nd New Crop	Decrease		0.05		0.03
DRY WHEY (DY, DY) - volScan						
Clearing Member Rate	Month 3+	Decrease		0.05		0.03
FEEDER CATTLE (9F, FC, FC) - volScan						
Clearing Member Rate		Decrease		0.05		0.04
LEAN HOG (9H, LN, LN) - volScan						
Clearing Member Rate		Decrease		0.05		0.04
LIVE CATTLE (9K, LC, LC) - volScan						
Clearing Member Rate		Decrease		0.05		0.04
MILK CLASS III (9M, DA, DA, JQ, JQ) - volScan						
Clearing Member Rate	Less than 14 days to	Decrease		0.06		0.05
Clearing Member Rate	Month 1	Decrease		0.06		0.05
Clearing Member Rate	Months 2-5	Decrease		0.06		0.04
Clearing Member Rate	Months 6+	Decrease		0.06		0.03
MILK CLASS IV (9X, DK, DK) - volScan						
Clearing Member Rate	Months 2-5	Decrease		0.05		0.03
Clearing Member Rate	Months 6+	Decrease		0.05		0.03
NONFAT DRY MILK (NF, NF) - volScan						
Clearing Member Rate	Month 1-2	Decrease		0.06		0.05
Clearing Member Rate	Month 3+	Decrease		0.06		0.03
OATS (O, O) - volScan						
Clearing Member Rate		Decrease		0.07		0.05
ROUGH RICE (14, 14) - volScan						
Clearing Member Rate		Decrease		0.07		0.05
SOYBEAN MEAL (06, 06, USDINR) - volScan						
Clearing Member Rate	New Crop	Decrease		0.06		0.04
SOYBEAN OIL (07, 07) - volScan						
Clearing Member Rate	New Crop	Decrease		0.06		0.04
SOYBEANS (S, S, YK) - volScan						
Clearing Member Rate	Old Crop	Decrease		0.07		0.06

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	<u>Tier Description</u>	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
Volatility Scan (volScan) Rate						
Clearing Member Rate	New Crop	Decrease		0.07		0.04
WHEAT (W, W, YW) - volScan						
Clearing Member Rate	New Crop	Decrease		0.06		0.04