12-234

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Thursday, May 31, 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, June 02, 2012.**

Current rates as of:

**Thursday, May 31, 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 |
|---|---|---|---|---|---|---|---|---|
| **Outright Rates** | | | | | | | | |

**CRUDE OIL SPREADS - Outright Rates**

**CANADIAN SWEET CRUDE SYNT OIL (CSN)**

| CC | Rate Type | Description | Change | ISO | Current Initial | Current Maintenance | New Initial | New Maintenance |
|---|---|---|---|---|---|---|---|---|
| CSN | Spec | Mth 1-3 | New | USD | | | 4,950 | 4,500 |
| CSN | Hedge/Member | Mth 1-3 | New | USD | | | 4,500 | 4,500 |
| CSN | Spec | Mth 4-6 | New | USD | | | 3,850 | 3,500 |
| CSN | Hedge/Member | Mth 4-6 | New | USD | | | 3,500 | 3,500 |
| CSN | Spec | Mnths 7+ | New | USD | | | 2,750 | 2,500 |
| CSN | Hedge/Member | Mnths 7+ | New | USD | | | 2,500 | 2,500 |

# SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

| CC | Rate Type | Description | Change | ISO | Current Initial | Current Maintenance | New Initial | New Maintenance |
|---|---|---|---|---|---|---|---|---|
| **Intra Spreads** | | | | | | | | |

**CRUDE OIL SPREADS - Intra Spreads**

**Canadian Sweet Synthetic Oil (Net Energy) Index Futures - All Months (CANADIAN SWEET CRUDE SYNT OIL)**

| CC | Rate Type | Description | Change | ISO | Current Initial | Current Maintenance | New Initial | New Maintenance |
|---|---|---|---|---|---|---|---|---|
| CSN | Spec | | New | USD | | | 330 | 300 |
| CSN | Hedge/Member | | New | USD | | | 300 | 300 |

# SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

| Rate Type | Tier Description | Change | Current Initial | Current Maintenance | New Initial | New Maintenance |
| --- | --- | --- | --- | --- | --- | --- |
| **Short Option Minimum (SOM) Rate** | | | | | | |
| **CRUDE OIL SPREADS - Short Option Minimum (SOM) Rate** | | | | | | |
| **CANADIAN SWEET SYNTHETIC OIL (NET ENERGY) INDEX FUTURES (CSN) - 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** | | | | | | |
| **CRUDE OIL SPREADS - Volatility Scan (volScan) Rate** | | | | | | |
| **CANADIAN SWEET SYNTHETIC OIL (NET ENERGY) INDEX FUTURES (CSN) - volScan** | | | | | | |
| Clearing Member Rate | Mth 1-3 | New | | | | 0.08 |
| Clearing Member Rate | Mth 4-6 | New | | | | 0.08 |
| Clearing Member Rate | Mnths 7+ | New | | | | 0.08 |