



12-269

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Thursday, June 28, 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, June 29, 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

PETROLEUM CRACKS AND SPREADS - Outright Rates

EAST-WST GASOLINE SPREAD PLATTS/ARG (EWG)

EWG	Spec	Mnth 1	New	USD			22,000	20,000
EWG	Hedge/Member	Mnth 1	New	USD			20,000	20,000
EWG	Spec	Mnths 2+	New	USD			11,000	10,000
EWG	Hedge/Member	Mnths 2+	New	USD			10,000	10,000

REFINED PRODUCTS - Outright Rates

EAST-WEST FUEL OIL PLT BALMO SWAP (EWB)

EWB	Spec		New	USD			8,800	8,000
EWB	Hedge/Member		New	USD			8,000	8,000

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

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

PETROLEUM CRACKS AND SPREADS - Intra Spreads

East-West Gasoline Spread (Platts-Argus) Swap Futures - All Months (EAST-WST GASOLINE SPREAD PLATTS/ARG)

EWG	Spec		New	USD			4,950	4,500
EWG	Hedge/Member		New	USD			4,500	4,500

REFINED PRODUCTS - Intra Spreads

East-West Fuel Oil Spread (Platts) BALMO Swap Futures - All Months (EAST-WEST FUEL OIL PLT BALMO SWAP)

EWB	Spec		New	USD			1,925	1,750
EWB	Hedge/Member		New	USD			1,750	1,750

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

PETROLEUM CRACKS AND SPREADS - Inter-commodity Spread Rates

EAST-WEST FUEL OIL SPREAD (PLATTS) SWAP FUTURES (NY-EW - CME) vs EAST-WEST FUEL OIL SPREAD (PLATTS) BALMO SWAP FUTURES (NY-EWB - CME)

Spread Credit Rate	New	+1:-1			75%	75%
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REFINED PRODUCTS - Inter-commodity Spread Rates

EAST-WEST FUEL OIL SPREAD (PLATTS) SWAP FUTURES (NY-EW - CME) vs EAST-WEST FUEL OIL SPREAD (PLATTS) BALMO SWAP FUTURES (NY-EWB - CME)

Spread Credit Rate	New	+1:-1			75%	75%
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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						
PETROLEUM CRACKS AND SPREADS - Short Option Minimum (SOM) Rate						
EAST-WEST GASOLINE SPREAD (PLATTS-ARGUS) SWAP FUTURES (EWG) - SOM						
Clearing Member Rate		New			220.00	200.00
REFINED PRODUCTS - Short Option Minimum (SOM) Rate						
EAST-WEST FUEL OIL SPREAD (PLATTS) BALMO SWAP FUTURES (EWB) - SOM						
Clearing Member Rate		New			220.00	200.00

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	<u>Tier Description</u>	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
Volatility Scan (volScan) Rate						
PETROLEUM CRACKS AND SPREADS - Volatility Scan (volScan) Rate						
EAST-WEST GASOLINE SPREAD (PLATTS-ARGUS) SWAP FUTURES (EWG) - volScan						
Clearing Member Rate	Mnth 1	New				0.08
Clearing Member Rate	Mnths 2+	New				0.08
REFINED PRODUCTS - Volatility Scan (volScan) Rate						
EAST-WEST FUEL OIL SPREAD (PLATTS) BALMO SWAP FUTURES (EWB) - volScan						
Clearing Member Rate		New				0.08