CME Group

12-296

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Friday, July 13, 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, July 13, 2012.

Current rates as of:

Friday, July 13, 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								
REFINED PRODUCTS - Outright Rates								
LNG EAST ASIA INDEX SWAP (LAI)								
LAI	Spec		New	USD			25,300	23,000
LAI	Hedge/Member		New	USD			23,000	23,000

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

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

REFINED PRODUCTS - Intra Spreads

LNG East Asia Index (ICIS Heren) Swap Future - All Months (LNG EAST ASIA INDEX SWAP)

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
LAI	Spec		New	USD			8,250	7,500
LAI	Hedge/Member		New	USD			7,500	7,500

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	Tier Description	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
Short Option Minimum (SOM) Rate						
REFINED PRODUCTS - Short Option Minimum (SOM) Rate						
LNG EAST ASIA INDEX (ICIS HEREN) SWAP FUTURE (LAI) - 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						
REFINED PRODUCTS - Volatility Scan (volScan) Rate						
LNG EAST ASIA INDEX (ICIS HEREN) SWAP FUTURE (LAI) - volScan						
Clearing Member Rate		New				0.08