



12-326

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Thursday, August 02, 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, August 03, 2012.**

Current rates as of:

**Wednesday, August 01, 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>METALS - Outright Rates</b>								
<b>CLEARED OTC LONDON SILVER FWD(CM) (LSF)</b>								
LSF	Spec	Mnths 1-4	New	USD			4	3
LSF	Hedge/Member	Mnths 1-4	New	USD			3	3
LSF	Spec	Mnths 5-6	New	USD			4	3
LSF	Hedge/Member	Mnths 5-6	New	USD			3	3
LSF	Spec	Mnths 7-12	New	USD			4	3
LSF	Hedge/Member	Mnths 7-12	New	USD			3	3
LSF	Spec	Mnths 13+	New	USD			4	3
LSF	Hedge/Member	Mnths 13+	New	USD			3	3
<b>Refined Products - Outright Rates</b>								
<b>Mini 1% Fuel Oil Cargoes FOB MED (Platts) Swap Futures (MFD)</b>								
MFD	Spec	All Mnths	New	USD			4,070	3,700
MFD	Hedge/Member	All Mnths	New	USD			3,700	3,700
<b>Mini 3.5% Fuel Oil (Platts) Cargoes FOB MED Calendar Swap Futures (MMF)</b>								
MMF	Spec	All Mnths	New	USD			3,520	3,200
MMF	Hedge/Member	All Mnths	New	USD			3,200	3,200

## SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
<b>Intra Spreads</b>								
<b>METALS - Intra Spreads</b>								
<b>Cleared OTC London Silver Forward (Cash Margin) - All Months (CLEARED OTC LONDON SILVER FWD(CM))</b>								
LSF	Spec		New	USD			1	1
LSF	Hedge/Member		New	USD			1	1
<b>Refined Products - Intra Spreads</b>								
<b>Mini 1% Fuel Oil Cargoes FOB MED (Platts) Swap Futures - All Months (MFD)</b>								
MFD	Spec		New	USD			495	450
MFD	Hedge/Member		New	USD			450	450
<b>Mini 3.5% Fuel Oil (Platts) Cargoes FOB MED Calendar Swap Futures - All Months (MMF)</b>								
MMF	Spec		New	USD			770	700
MMF	Hedge/Member		New	USD			700	700
<b>Metals – Inter-commodity Spread Rates</b>								
<b>Silver Futures (CX-SI –CME) vs Cleared OTC London Silver Forward (Cash Margin) (CX-LSF – CME)</b>								
Spread Credit Rate		New	+1:-5000				95%	95%

## 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>METALS - Short Option Minimum (SOM) Rate</b>						
<b>CLEARED OTC LONDON SILVER FORWARD (CASH MARGIN) (LSF) - SOM</b>						
Clearing Member Rate		New			13.50	10.00
<b>Refined Products - Short Option Minimum (SOM) Rate</b>						
<b>Mini 1% Fuel Oil Cargoes FOB MED (Platts) Swap Futures (MFD) - SOM</b>						
Clearing Member Rate		New			20.00	20.00
<b>Mini 3.5% Fuel Oil (Platts) Cargoes FOB MED Calendar Swap Futures (MMF) - SOM</b>						
Clearing Member Rate		New			20.00	20.00

## 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>METALS - Volatility Scan (volScan) Rate</b>						
<b>CLEARED OTC LONDON SILVER FORWARD (CASH MARGIN) (LSF) - volScan</b>						
Clearing Member Rate	Mnths 1-4	New				0.11
Clearing Member Rate	Mnths 5-6	New				0.05
Clearing Member Rate	Mnths 7-12	New				0.03
Clearing Member Rate	Mnths 13+	New				0.03
<b>Refined Products - Volatility Scan (volScan) Rate</b>						
<b>Mini 1% Fuel Oil Cargoes FOB MED (Platts) Swap Futures (MFD) – volScan</b>						
Clearing Member Rate	All Mnths	New				0.08
<b>Mini 3.5% Fuel Oil (Platts) Cargoes FOB MED Calendar Swap Futures (MMF) – volScan</b>						
Clearing Member Rate	All Mnths	New				0.08