



12-348

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Friday, August 10, 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 10, 2012.**

Current rates as of:

**Friday, August 10, 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 JAPAN KOREA MARKER PLATTS SWAP (JKM)

JKM	Spec		New	USD			16,500	15,000
JKM	Hedge/Member		New	USD			15,000	15,000

## 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 Japan/Korea Marker (Platts) Swap Futures - All Months (LNG JAPAN KOREA MARKER PLATTS SWAP)**

JKM	Spec		New	USD			4,400	4,000
JKM	Hedge/Member		New	USD			4,000	4,000

## 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**

**REFINED PRODUCTS - Short Option Minimum (SOM) Rate**

**LNG JAPAN/KOREA MARKER (PLATTS) SWAP FUTURES (JKM) - SOM**

Clearing Member Rate		New			44.00	40.00
----------------------	--	-----	--	--	-------	-------

## 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>REFINED PRODUCTS - Volatility Scan (volScan) Rate</b>						
<b>LNG JAPAN/KOREA MARKER (PLATTS) SWAP FUTURES (JKM) - volScan</b>						
Clearing Member Rate		New				0.08