



13-274

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Thursday, June 13, 2013

***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 14, 2013.**

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>COAL - Outright Rates</b>                    |              |             |        |     |                 |                     |             |                 |
| <b>COAL API5 FOB NEWCASTLE ARG/MC FUT (ACM)</b> |              |             |        |     |                 |                     |             |                 |
| ACM   | Spec         |             | New    | USD |                 |                     | 3,025       | 2,750           |
| ACM   | Hedge/Member |             | New    | USD |                 |                     | 2,750       | 2,750           |
| <b>ELECTRICITY - Outright Rates</b>             |              |             |        |     |                 |                     |             |                 |
| <b>ERCOT DAILY LOAD FORECAST FUT (EMC)</b>      |              |             |        |     |                 |                     |             |                 |
| EMC   | Spec         | Mnth 1      | New    | USD |                 |                     | 1,760       | 1,600           |
| EMC   | Hedge/Member | Mnth 1      | New    | USD |                 |                     | 1,600       | 1,600           |
| EMC   | Spec         | Mnth 2      | New    | USD |                 |                     | 1,760       | 1,600           |
| EMC   | Hedge/Member | Mnth 2      | New    | USD |                 |                     | 1,600       | 1,600           |
| EMC   | Spec         | Mnths 3-11  | New    | USD |                 |                     | 1,760       | 1,600           |
| EMC   | Hedge/Member | Mnths 3-11  | New    | USD |                 |                     | 1,600       | 1,600           |
| EMC   | Spec         | Mnths 12+   | New    | USD |                 |                     | 1,760       | 1,600           |
| EMC   | Hedge/Member | Mnths 12+   | New    | USD |                 |                     | 1,600       | 1,600           |
| <b>METALS - Outright Rates</b>                  |              |             |        |     |                 |                     |             |                 |
| <b>1000 OZ SILVER FUTURES (SIL)</b>             |              |             |        |     |                 |                     |             |                 |
| SIL   | Spec         | Mnths 1-4   | New    | USD |                 |                     | 2,475       | 2,250           |
| SIL   | Hedge/Member | Mnths 1-4   | New    | USD |                 |                     | 2,250       | 2,250           |
| SIL   | Spec         | Mnths 5-6   | New    | USD |                 |                     | 2,475       | 2,250           |
| SIL   | Hedge/Member | Mnths 5-6   | New    | USD |                 |                     | 2,250       | 2,250           |
| SIL   | Spec         | Mnths 7-12  | New    | USD |                 |                     | 2,475       | 2,250           |
| SIL   | Hedge/Member | Mnths 7-12  | New    | USD |                 |                     | 2,250       | 2,250           |
| SIL   | Spec         | Mnths 13+   | New    | USD |                 |                     | 2,475       | 2,250           |
| SIL   | Hedge/Member | Mnths 13+   | New    | USD |                 |                     | 2,250       | 2,250           |

## SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

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

### Intra Spreads

#### COAL - Intra Spreads

##### Coal (API 5) fob Newcastle (Argus/McCloskey) Futures - All Months (COAL API5 FOB NEWCASTLE ARG/MC FUT)

|     |              |  |     |     |  |  |       |       |
|-----|--------------|--|-----|-----|--|--|-------|-------|
| ACM | Spec         |  | New | USD |  |  | 1,760 | 1,600 |
| ACM | Hedge/Member |  | New | USD |  |  | 1,600 | 1,600 |

#### ELECTRICITY - Intra Spreads

##### ERCOT Daily Load Forecast Futures - All Months (ERCOT DAILY LOAD FORCAST FUT)

|     |              |  |     |     |  |  |     |     |
|-----|--------------|--|-----|-----|--|--|-----|-----|
| EMC | Spec         |  | New | USD |  |  | 770 | 700 |
| EMC | Hedge/Member |  | New | USD |  |  | 700 | 700 |

# SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

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

## Intra Spreads

### METALS - Intra Spreads

#### COMEX Silver - Tier 1 vs Tier 1 (1000 OZ SILVER FUTURES)

|     |              |  |     |     |  |  |    |    |
|-----|--------------|--|-----|-----|--|--|----|----|
| SIL | Spec         |  | New | USD |  |  | 33 | 30 |
| SIL | Hedge/Member |  | New | USD |  |  | 30 | 30 |

#### COMEX Silver - Tier 1 vs Tier 2 (1000 OZ SILVER FUTURES)

|     |              |  |     |     |  |  |    |    |
|-----|--------------|--|-----|-----|--|--|----|----|
| SIL | Spec         |  | New | USD |  |  | 50 | 45 |
| SIL | Hedge/Member |  | New | USD |  |  | 45 | 45 |

#### COMEX Silver - Tier 1 vs Tier 3 (1000 OZ SILVER FUTURES)

|     |              |  |     |     |  |  |    |    |
|-----|--------------|--|-----|-----|--|--|----|----|
| SIL | Spec         |  | New | USD |  |  | 99 | 90 |
| SIL | Hedge/Member |  | New | USD |  |  | 90 | 90 |

## SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

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

### Intra Spreads

#### **COMEX Silver - Tier 1 vs Tier 4 (1000 OZ SILVER FUTURES)**

|     |              |  |     |     |  |  |     |     |
|-----|--------------|--|-----|-----|--|--|-----|-----|
| SIL | Spec         |  | New | USD |  |  | 198 | 180 |
| SIL | Hedge/Member |  | New | USD |  |  | 180 | 180 |

#### **COMEX Silver - Tier 2 vs Tier 2 (1000 OZ SILVER FUTURES)**

|     |              |  |     |     |  |  |    |    |
|-----|--------------|--|-----|-----|--|--|----|----|
| SIL | Spec         |  | New | USD |  |  | 39 | 35 |
| SIL | Hedge/Member |  | New | USD |  |  | 35 | 35 |

## SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

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

### Intra Spreads

#### COMEX Silver - Tier 2 vs Tier 3 (1000 OZ SILVER FUTURES)

|     |              |  |     |     |  |  |    |    |
|-----|--------------|--|-----|-----|--|--|----|----|
| SIL | Spec         |  | New | USD |  |  | 77 | 70 |
| SIL | Hedge/Member |  | New | USD |  |  | 70 | 70 |

#### COMEX Silver - Tier 3 vs Tier 3 (1000 OZ SILVER FUTURES)

|     |              |  |     |     |  |  |    |    |
|-----|--------------|--|-----|-----|--|--|----|----|
| SIL | Spec         |  | New | USD |  |  | 77 | 70 |
| SIL | Hedge/Member |  | New | USD |  |  | 70 | 70 |

## SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

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

### Intra Spreads

#### **COMEX Silver - Tier 3 vs Tier 4 (1000 OZ SILVER FUTURES)**

|     |              |  |     |     |  |  |     |     |
|-----|--------------|--|-----|-----|--|--|-----|-----|
| SIL | Spec         |  | New | USD |  |  | 198 | 180 |
| SIL | Hedge/Member |  | New | USD |  |  | 180 | 180 |

#### **COMEX Silver - Tier 4 vs Tier 4 (1000 OZ SILVER FUTURES)**

|     |              |  |     |     |  |  |     |     |
|-----|--------------|--|-----|-----|--|--|-----|-----|
| SIL | Spec         |  | New | USD |  |  | 198 | 180 |
| SIL | Hedge/Member |  | New | USD |  |  | 180 | 180 |

## 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>COAL - Short Option Minimum (SOM) Rate</b>                           |                         |        |                 |                     |             |                 |
| <b>COAL (API 5) FOB NEWCASTLE (ARGUS/MCCLOSKEY) FUTURES (ACM) - SOM</b> |                         |        |                 |                     |             |                 |
| Clearing Member Rate  |                         | New    |                 |                     | 55.00       | 50.00           |
| <b>ELECTRICITY - Short Option Minimum (SOM) Rate</b>                    |                         |        |                 |                     |             |                 |
| <b>ERCOT DAILY LOAD FORECAST FUTURES (EMC) - SOM</b>                    |                         |        |                 |                     |             |                 |
| Clearing Member Rate  |                         | New    |                 |                     | 55.00       | 50.00           |
| <b>METALS - Short Option Minimum (SOM) Rate</b>                         |                         |        |                 |                     |             |                 |
| <b>1000 OZ SILVER FUTURES (SIL) - SOM</b>                               |                         |        |                 |                     |             |                 |
| Clearing Member Rate  |                         | New    |                 |                     | 66.00       | 60.00           |



## 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>COAL - Volatility Scan (volScan) Rate</b>                                |                         |        |                 |                     |             |                 |
| <b>COAL (API 5) FOB NEWCASTLE (ARGUS/MCCLOSKEY) FUTURES (ACM) - volScan</b> |                         |        |                 |                     |             |                 |
| Clearing Member Rate  |                         | New    |                 |                     |             | 0.08            |
| <b>ELECTRICITY - Volatility Scan (volScan) Rate</b>                         |                         |        |                 |                     |             |                 |
| <b>ERCOT DAILY LOAD FORECAST FUTURES (EMC) - volScan</b>                    |                         |        |                 |                     |             |                 |
| Clearing Member Rate  | Mnth 1                  | New    |                 |                     |             | 0.08            |
| Clearing Member Rate  | Mnth 2                  | New    |                 |                     |             | 0.08            |
| Clearing Member Rate  | Mnths 3-11              | New    |                 |                     |             | 0.08            |
| Clearing Member Rate  | Mnths 12+               | New    |                 |                     |             | 0.08            |
| <b>METALS - Volatility Scan (volScan) Rate</b>                              |                         |        |                 |                     |             |                 |
| <b>1000 OZ SILVER FUTURES (SIL) - volScan</b>                               |                         |        |                 |                     |             |                 |
| Clearing Member Rate  | Mnths 1-4               | New    |                 |                     |             | 0.14            |
| Clearing Member Rate  | Mnths 5-6               | New    |                 |                     |             | 0.08            |
| Clearing Member Rate  | Mnths 7-12              | New    |                 |                     |             | 0.05            |
| Clearing Member Rate  | Mnths 13+               | New    |                 |                     |             | 0.04            |