



13-342

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Friday, July 26, 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, July 26, 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
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Outright Rates

FREIGHT - Outright Rates

FREIGHT ROUTE TC14 (BALTIC) FUTURES (FRC)

FRC	Spec	Mnth 1	New	USD			4,400	4,000
FRC	Hedge/Member	Mnth 1	New	USD			4,000	4,000
FRC	Spec	Mnths 2+	New	USD			4,400	4,000
FRC	Hedge/Member	Mnths 2+	New	USD			4,000	4,000

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

FREIGHT - Intra Spreads

(FREIGHT ROUTE TC14 (BALTIC) FUTURES)

FRC	Spec		New	USD			2,200	2,000
FRC	Hedge/Member		New	USD			2,000	2,000

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						
FREIGHT - Short Option Minimum (SOM) Rate						
FREIGHT ROUTE TC14 (BALTIC) FUTURES (FRC) - SOM						
Clearing Member Rate		New			27.500	25.000

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	<u>Tier Description</u>	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
Volatility Scan (volScan) Rate						
FREIGHT - Volatility Scan (volScan) Rate						
FREIGHT ROUTE TC14 (BALTIC) FUTURES (FRC) - volScan						
Clearing Member Rate	Mnth 1	New				0.050
Clearing Member Rate	Mnths 2+	New				0.050