



13-588

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Thursday, December 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, December 27, 2013.**

Current rates as of:

**Thursday, December 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
<b>Outright Rates</b>								
<b>CRUDE OIL - Outright Rates</b>								
<b>BRENT BALMO FUT (J9)</b>								
J9	Spec		Decrease	USD	5,775	5,250	4,950	4,500
J9	Hedge/Member		Decrease	USD	5,250	5,250	4,500	4,500
<b>NATURAL GAS - Outright Rates</b>								
<b>ALGONQUIN CITYGATES BASIS (B4)</b>								
B4	Spec	Mnth 1	Increase	USD	9,680	8,800	13,200	12,000
B4	Hedge/Member	Mnth 1	Increase	USD	8,800	8,800	12,000	12,000
B4	Spec	Mnth 2	Increase	USD	9,680	8,800	13,200	12,000
B4	Hedge/Member	Mnth 2	Increase	USD	8,800	8,800	12,000	12,000
B4	Spec	Nov 2014+	Increase	USD	3,300	3,000	4,950	4,500
B4	Hedge/Member	Nov 2014+	Increase	USD	3,000	3,000	4,500	4,500
<b>ALGONQUIN CITY-GATES NAT SWING FUT (C8)</b>								
C8	Spec		Increase	USD	19,800	18,000	27,500	25,000
C8	Hedge/Member		Increase	USD	18,000	18,000	25,000	25,000
<b>ANR OKLAHOMA (NE)</b>								
NE	Spec	Mnth 6+	Increase	USD	154	140	220	200
NE	Hedge/Member	Mnth 6+	Increase	USD	140	140	200	200
<b>COLUMBIA GULF ONSHORE BASIS FUT (GL)</b>								
GL	Spec	Mnths 3+	Increase	USD	33	30	55	50
GL	Hedge/Member	Mnths 3+	Increase	USD	30	30	50	50
<b>FLORIDA GAS ZONE3 BASIS FUT (FP)</b>								
FP	Spec	Mnths 7-12	Increase	USD	83	75	154	140
FP	Hedge/Member	Mnths 7-12	Increase	USD	75	75	140	140
FP	Spec	Mnths 13+	Increase	USD	83	75	154	140
FP	Hedge/Member	Mnths 13+	Increase	USD	75	75	140	140

## 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

#### **TENNESSEE 800 LEG NG BASIS (6Z)**

6Z	Spec	Mnth 1	Increase	USD	39	35	66	60
6Z	Hedge/Member	Mnth 1	Increase	USD	35	35	60	60
6Z	Spec	Mnths 2+	Increase	USD	33	30	50	45
6Z	Hedge/Member	Mnths 2+	Increase	USD	30	30	45	45

#### **TRANSCO ZONE 6 SWING FUT (ST)**

ST	Spec	All Months	Increase	USD	5,280	4,800	11,000	10,000
ST	Hedge/Member	All Months	Increase	USD	4,800	4,800	10,000	10,000

#### **REFINED PRODUCTS - Outright Rates**

#### **RBOB GASOLINE BALMO CLNDR FUT (1D)**

1D	Spec		Decrease	USD	9,900	9,000	5,500	5,000
1D	Hedge/Member		Decrease	USD	9,000	9,000	5,000	5,000

## SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	Change	Ratio	Current Initial	Current Maintenance	New Initial	New Maintenance
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### Inter-commodity Spread Rates

#### CRUDE OIL - Inter-commodity Spread Rates

##### **BRENT (ICE) CALENDAR SWAP FUTURES (NY-CY - CME) vs RBOB GASOLINE FUTURES (NY-RB - CME)**

Spread Credit Rate	Increase	+1:-1	75%	75%	80%	80%
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##### **BRENT CRUDE OIL LAST DAY FINANCIAL FUTURES (NY-BZ - CME) vs RBOB GASOLINE FUTURES (NY-RB - CME)**

Spread Credit Rate	Increase	+1:-1	75%	75%	80%	80%
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##### **BRENT CRUDE OIL PENULTIMATE FINANCIAL FUTURES (NY-BB - CME) vs RBOB GASOLINE FUTURES (NY-RB - CME)**

Spread Credit Rate	Increase	+1:-1	75%	75%	80%	80%
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##### **LIGHT SWEET CRUDE OIL FUTURES (NY-CL - CME) vs WTI-BRENT (ICE) BULLET SWAP FUTURES (NY-BY - CME)**

Spread Credit Rate	New	+1:-1			35%	35%
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##### **RBOB GASOLINE CALENDAR SWAP FUTURES (NY-RL - CME) vs BRENT CRUDE OIL LAST DAY FINANCIAL FUTURES (NY-BZ - CME)**

Spread Credit Rate	Increase	+1:-1	75%	75%	80%	80%
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#### CRUDE OIL SPREADS - Inter-commodity Spread Rates

##### **HEATING OIL VS. BRENT CRACK SPREAD SWAP FUTURES (NY-HOB - CME) vs WTI-BRENT (ICE) BULLET SWAP FUTURES (NY-BY - CME)**

Spread Credit Rate	New	+1:-1			50%	50%
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##### **HEATING OIL VS. BRENT CRACK SPREAD SWAP FUTURES (NY-HOB - CME) vs WTI-BRENT (ICE) CALENDAR SWAP FUTURES (NY-BK - CME)**

Spread Credit Rate	New	+1:-1			50%	50%
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##### **LIGHT SWEET CRUDE OIL FUTURES (NY-CL - CME) vs WTI-BRENT (ICE) BULLET SWAP FUTURES (NY-BY - CME)**

Spread Credit Rate	New	+1:-1			35%	35%
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#### PETROLEUM CRACKS AND SPREADS - Inter-commodity Spread Rates

##### **HEATING OIL VS. BRENT CRACK SPREAD SWAP FUTURES (NY-HOB - CME) vs WTI-BRENT (ICE) BULLET SWAP FUTURES (NY-BY - CME)**

Spread Credit Rate	New	+1:-1			50%	50%
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##### **HEATING OIL VS. BRENT CRACK SPREAD SWAP FUTURES (NY-HOB - CME) vs WTI-BRENT (ICE) CALENDAR SWAP FUTURES (NY-BK - CME)**

Spread Credit Rate	New	+1:-1			50%	50%
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##### **NEW YORK HARBOR HEATING OIL CRACK SPREAD CALENDAR (NYM-HK - CME) vs HEATING OIL FINANCIAL FUTURES (NYM-HO, BH, MP)**

Spread Credit Rate	Decrease	+1:-1	60%	60%	40%	40%
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## SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	Change	Ratio	Current Initial	Current Maintenance	New Initial	New Maintenance
<b>Inter-commodity Spread Rates</b>						
<b>REFINED PRODUCTS - Inter-commodity Spread Rates</b>						
<b>BRENT (ICE) CALENDAR SWAP FUTURES (NY-CY - CME) vs RBOB GASOLINE FUTURES (NY-RB - CME)</b>						
Spread Credit Rate	Increase	+1:-1	75%	75%	80%	80%
<b>BRENT CRUDE OIL LAST DAY FINANCIAL FUTURES (NY-BZ - CME) vs RBOB GASOLINE FUTURES (NY-RB - CME)</b>						
Spread Credit Rate	Increase	+1:-1	75%	75%	80%	80%
<b>BRENT CRUDE OIL PENULTIMATE FINANCIAL FUTURES (NY-BB - CME) vs RBOB GASOLINE FUTURES (NY-RB - CME)</b>						
Spread Credit Rate	Increase	+1:-1	75%	75%	80%	80%
<b>NEW YORK HARBOR HEATING OIL CRACK SPREAD CALENDAR (NYM-HK - CME) vs HEATING OIL FINANCIAL FUTURES (NYM-HO, BH, MP)</b>						
Spread Credit Rate	Decrease	+1:-1	60%	60%	40%	40%
<b>RBOB GASOLINE CALENDAR SWAP FUTURES (NY-RL - CME) vs BRENT CRUDE OIL LAST DAY FINANCIAL FUTURES (NY-BZ - CME)</b>						
Spread Credit Rate	Increase	+1:-1	75%	75%	80%	80%

## 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>NATURAL GAS - Short Option Minimum (SOM) Rate</b>						
<b>ALGONQUIN CITY-GATES NATURAL GAS SWING SWAP (PLATTS GAS DAILY) FUTURES (C8) - SOM</b>						
Clearing Member Rate		Increase	11.000	10.000	27.500	25.000
<b>TRANSCO, ZONE 6 NATURAL GAS SWING SWAP (PLATTS GAS DAILY) FUTURES (ST) - SOM</b>						
Clearing Member Rate		Increase	11.000	10.000	27.500	25.000

## 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>NATURAL GAS - Volatility Scan (volScan) Rate</b>						
<b>ALGONQUIN CITY-GATES NATURAL GAS SWING SWAP (PLATTS GAS DAILY) FUTURES (C8) - volScan</b>						
Clearing Member Rate		Increase		0.025		0.100
<b>TRANSCO, ZONE 6 NATURAL GAS SWING SWAP (PLATTS GAS DAILY) FUTURES (ST) - volScan</b>						
Clearing Member Rate	All Months	Increase		0.050		0.100