



14-032

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Wednesday, January 22, 2014

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, January 24, 2014.

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								
AGRICULTURE - Outright Rates								
KC HRW WHEAT DEC-JULY SYNT CAL (CK6)								
CK6	Spec		New	USD			675	500
CK6	Hedge/Member		New	USD			500	500
KC HRW CONSECUTIVE SYNTHETIC (K7C)								
K7C	Spec		New	USD			338	250
K7C	Hedge/Member		New	USD			250	250
KC HRW DEC-DEC WHEAT SYNT CAL SPRD (KCZ)								
KCZ	Spec		New	USD			1,148	850
KCZ	Hedge/Member		New	USD			850	850
KC HRW JUL-JUL WHEAT SYNT CALENDAR (CKN)								
CKN	Spec		New	USD			1,148	850
CKN	Hedge/Member		New	USD			850	850
KC HRW MAR-JUL SYNTHETIC COM (KC3)								
KC3	Spec		New	USD			473	350
KC3	Hedge/Member		New	USD			350	350
KC HRW WHEAT JUL-DEC SYNT CAL S (CKM)								
CKM	Spec		New	USD			473	350
CKM	Hedge/Member		New	USD			350	350

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						
AGRICULTURE - Short Option Minimum (SOM) Rate						
KC HRW WHEAT DEC-JULY CSO (CK6, CK6) - SOM						
Clearing Member Rate		New			1.35%	1.00%
KC HRW CONSECUTIVE CSO (K7C, K7C) - SOM						
Clearing Member Rate		New			1.35%	1.00%
KC HRW DEC-DEC WHEAT CSO (KCZ, KCZ) - SOM						
Clearing Member Rate		New			1.35%	1.00%
KC HRW JUL-JUL WHEAT CSO (CKN, CKN) - SOM						
Clearing Member Rate		New			1.35%	1.00%
KC HRW MAR-JUL CSO (KC3, KC3) - SOM						
Clearing Member Rate		New			1.35%	1.00%
KC HRW WHEAT JUL-DEC CSO (CKM, CKM) - SOM						
Clearing Member Rate		New			1.35%	1.00%

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	<u>Tier Description</u>	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
Volatility Scan (volScan) Rate						
AGRICULTURE - Volatility Scan (volScan) Rate						
KC HRW WHEAT DEC-JULY CSO (CK6, CK6) - volScan						
Clearing Member Rate		New				25.00
KC HRW CONSECUTIVE CSO (K7C, K7C) - volScan						
Clearing Member Rate		New				25.00
KC HRW DEC-DEC WHEAT CSO (KCZ, KCZ) - volScan						
Clearing Member Rate		New				25.00
KC HRW JUL-JUL WHEAT CSO (CKN, CKN) - volScan						
Clearing Member Rate		New				25.00
KC HRW MAR-JUL CSO (KC3, KC3) - volScan						
Clearing Member Rate		New				25.00
KC HRW WHEAT JUL-DEC CSO (CKM, CKM) - volScan						
Clearing Member Rate		New				25.00