



14-086

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Friday, February 28, 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, February 28, 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								

REFINED PRODUCTS - Outright Rates

MID EAST GASOIL ARAB GULF BALMO (MBS)

MBS	Spec		New	USD			6,600	6,000
MBS	Hedge/Member		New	USD			6,000	6,000

MIDDLE EAST GASOIL ARAB GULF (MPE)

MPE	Spec	Mnth 1	New	USD			5,500	5,000
MPE	Hedge/Member	Mnth 1	New	USD			5,000	5,000
MPE	Spec	Mnths 2-6	New	USD			5,500	5,000
MPE	Hedge/Member	Mnths 2-6	New	USD			5,000	5,000
MPE	Spec	Mnths 7+	New	USD			5,500	5,000
MPE	Hedge/Member	Mnths 7+	New	USD			5,000	5,000

MINI MID EAST HSFO 180 ARAB BALMO (MGS)

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

MINI MID EAST HSFO 180 ARAB GULF (MHE)

MHE	Spec	Mnth 1	New	USD			3,300	3,000
MHE	Hedge/Member	Mnth 1	New	USD			3,000	3,000
MHE	Spec	Mnths 2+	New	USD			3,300	3,000
MHE	Hedge/Member	Mnths 2+	New	USD			3,000	3,000

MINI MID EAST HSFO 380 ARAB BALMO (MHS)

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

MINI MID EAST HSFO 380 ARAB GULF (MSE)

MSE	Spec	Mnth 1	New	USD			3,300	3,000
MSE	Hedge/Member	Mnth 1	New	USD			3,000	3,000
MSE	Spec	Mnths 2+	New	USD			3,300	3,000
MSE	Hedge/Member	Mnths 2+	New	USD			3,000	3,000

MINI MID EAST NAPHTHA ARAB GF BALMO (MNE)

MNE	Spec		New	USD			6,600	6,000
MNE	Hedge/Member		New	USD			6,000	6,000

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

MINI MID EAST NAPHTHA ARAB GULF (MME)

MME	Spec	Mths 1	New	USD			4,400	4,000
MME	Hedge/Member	Mths 1	New	USD			4,000	4,000
MME	Spec	Mths 2-6	New	USD			4,400	4,000
MME	Hedge/Member	Mths 2-6	New	USD			4,000	4,000
MME	Spec	Mnths 7+	New	USD			4,400	4,000
MME	Hedge/Member	Mnths 7+	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
Intra Spreads								
REFINED PRODUCTS - Intra Spreads								
MID EAST GASOIL ARAB GULF BALMO - All Months (MID EAST GASOIL ARAB GULF BALMO)								
MBS	Spec		New	USD			1,760	1,600
MBS	Hedge/Member		New	USD			1,600	1,600
MIDDLE EAST GASOIL ARAB GULF - All Months (MIDDLE EAST GASOIL ARAB GULF)								
MPE	Spec		New	USD			1,925	1,750
MPE	Hedge/Member		New	USD			1,750	1,750
MINI MID EAST HSFO 180 ARAB BALMO – All Months (MINI MID EAST HSFO 180 ARAB BALMO)								
MGS	Spec		New	USD			880	800
MGS	Hedge/Member		New	USD			800	800
MINI MID EAST HSFO 180 ARAB GULF - All Months (MINI MID EAST HSFO 180 ARAB GULF)								
MHE	Spec		New	USD			770	700
MHE	Hedge/Member		New	USD			700	700
MINI MID EAST HSFO 380 ARAB BALMO - All Months (MINI MID EAST HSFO 380 ARAB BALMO)								
MHS	Spec		New	USD			880	800
MHS	Hedge/Member		New	USD			800	800
MINI MID EAST HSFO 380 ARAB GULF - All Months (MINI MID EAST HSFO 380 ARAB GULF)								
MSE	Spec		New	USD			770	700
MSE	Hedge/Member		New	USD			700	700
MINI MID EAST NAPHTHA ARAB GF BALMO - All Months (MINI MID EAST NAPHTHA ARAB GF BALMO)								
MNE	Spec		New	USD			1,320	1,200
MNE	Hedge/Member		New	USD			1,200	1,200
MINI MID EAST NAPHTHA ARAB GULF - All Months (MINI MID EAST NAPHTHA ARAB GULF)								
MME	Spec		New	USD			1,073	975
MME	Hedge/Member		New	USD			975	975

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						
MIDDLE EAST GASOIL FOB ARAB GULF (PLATTS) BALMO FUTURES (MBS) - SOM						
Clearing Member Rate		New			55.00	50.00
MIDDLE EAST GASOIL FOB ARAB GULF (PLATTS) FUTURES (MPE) - SOM						
Clearing Member Rate		New			55.00	50.00
MINI MIDDLE EAST HSFO 180 CST FOB ARAB GULF (PLATTS) BALMO FUTURES (MGS) - SOM						
Clearing Member Rate		New			55.00	50.00
MINI MIDDLE EAST HSFO 180 CST FOB ARAB GULF (PLATTS) FUTURES (MHE) - SOM						
Clearing Member Rate		New			55.00	50.00
MINI MIDDLE EAST HSFO 380 CST FOB ARAB GULF (PLATTS) BALMO FUTURES (MHS) - SOM						
Clearing Member Rate		New			55.00	50.00
MINI MIDDLE EAST HSFO 380 CST FOB ARAB GULF (PLATTS) FUTURES (MSE) - SOM						
Clearing Member Rate		New			55.00	50.00
MINI MIDDLE EAST NAPHTHA FOB ARAB GULF (PLATTS) BALMO FUTURES (MNE) - SOM						
Clearing Member Rate		New			55.00	50.00
MINI MIDDLE EAST NAPHTHA FOB ARAB GULF (PLATTS) FUTURES (MME) - SOM						
Clearing Member Rate		New			55.00	50.00

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	Change	Ratio	Current Initial	Current Maintenance	New Initial	New Maintenance
Inter-commodity Spread Rates						
REFINED PRODUCTS - Inter-commodity Spread Rates						
Middle East Gasoil FOB Arab Gulf (Platts) Futures (NY-MPE) vs Middle East Gasoil FOB Arab Gulf (Platts) BALMO Futures (NY-MBS)						
Spread Credit Rate	New	+1:-1			75%	75%
Mini Middle East HSFO 180 cst FOB Arab Gulf (Platts) Futures (NY-MHE) vs Mini Middle East HSFO 180 cst FOB Arab Gulf (Platts) BALMO Futures (NY-MGS)						
Spread Credit Rate	New	+1:-1			75%	75%
Mini Middle East HSFO 380 cst FOB Arab Gulf (Platts) Futures (NY-MSE) vs Mini Middle East HSFO 380 cst FOB Arab Gulf (Platts) BALMO Futures (NY-MHS)						
Spread Credit Rate	New	+1:-1			75%	75%
Mini Middle East Naphtha FOB Arab Gulf (Platts) Futures (NY-MME) vs Mini Middle East Naphtha FOB Arab Gulf (Platts) BALMO Futures (NY-MNE)						
Spread Credit Rate	New	+1:-1			75%	75%

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	Tier Description	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
Volatility Scan (volScan) Rate						
REFINED PRODUCTS - Volatility Scan (volScan) Rate						
MIDDLE EAST GASOIL FOB ARAB GULF (PLATTS) BALMO FUTURES (MBS) - volScan						
Clearing Member Rate		New				20.00%
MIDDLE EAST GASOIL FOB ARAB GULF (PLATTS) FUTURES (MPE) - volScan						
Clearing Member Rate	Mnth 1	New				20.00%
Clearing Member Rate	Mnths 2-6	New				20.00%
Clearing Member Rate	Mnths 7+	New				20.00%
MINI MIDDLE EAST HSFO 180 CST FOB ARAB GULF (PLATTS) BALMO FUTURES (MGS) - volScan						
Clearing Member Rate		New				20.00%
MINI MIDDLE EAST HSFO 180 CST FOB ARAB GULF (PLATTS) FUTURES (MHE) - volScan						
Clearing Member Rate	Mnth 1	New				20.00%
Clearing Member Rate	Mnths 2+	New				20.00%
MINI MIDDLE EAST HSFO 380 CST FOB ARAB GULF (PLATTS) BALMO FUTURES (MHS) - volScan						
Clearing Member Rate		New				20.00%
MINI MIDDLE EAST HSFO 380 CST FOB ARAB GULF (PLATTS) FUTURES (MSE) - volScan						
Clearing Member Rate	Mnth 1	New				20.00%
Clearing Member Rate	Mnths 2+	New				20.00%
MINI MIDDLE EAST NAPHTHA FOB ARAB GULF (PLATTS) BALMO FUTURES (MNE) - volScan						
Clearing Member Rate		New				20.00%
MINI MIDDLE EAST NAPHTHA FOB ARAB GULF (PLATTS) FUTURES (MME) - volScan						
Clearing Member Rate	Mths 1	New				20.00%
Clearing Member Rate	Mths 2-6	New				20.00%
Clearing Member Rate	Mnths 7+	New				20.00%