



14-167

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Wednesday, April 23, 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

**Monday, May 05, 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
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### Outright Rates

#### **METALS - Outright Rates**

#### **ALUMINUM FUTURES (ALI)**

ALI	Spec	Mths 1-4	New	USD			2,750	2,500
ALI	Hedge/Member	Mths 1-4	New	USD			2,500	2,500
ALI	Spec	Mths 5+	New	USD			2,750	2,500
ALI	Hedge/Member	Mths 5+	New	USD			2,500	2,500

## SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
<b>Intra Spreads</b>								
<b>METALS - Intra Spreads</b>								
<b>All Months (ALUMINUM FUTURES)</b>								
ALI	Spec		New	USD			550	500
ALI	Hedge/Member		New	USD			500	500

Rate Type	Change	Ratio	Current Initial	Current Maintenance	New Initial	New Maintenance
<b>Inter-commodity Spread Rates</b>						
<b>COAL - Inter-commodity Spread Rates</b>						
<b>ALUMINUM FUTURES (CX-ALI - CME) vs COAL (API 2) CIF ARA (ARGUS/MCCLOSKEY) SWAP FUTURES (NY-MTF - CME)</b>						
Spread Credit Rate	New	+1:-1			30%	30%
<b>METALS - Inter-commodity Spread Rates</b>						
<b>ALUMINUM FUTURES (CX-ALI - CME) vs ALUMINUM MW US TRANSACTION PREMIUM PLATTS (25MT) SWAP FUTURES (CX-AUP - CME)</b>						
Spread Credit Rate	New	+1:-1			70%	70%
<b>ALUMINUM FUTURES (CX-ALI - CME) vs COAL (API 2) CIF ARA (ARGUS/MCCLOSKEY) SWAP FUTURES (NY-MTF - CME)</b>						
Spread Credit Rate	New	+1:-1			30%	30%
<b>ALUMINUM FUTURES (CX-ALI - CME) vs COPPER FUTURES (CX-HG - CME)</b>						
Spread Credit Rate	New	+1:-1			60%	60%
<b>ALUMINUM FUTURES (CX-ALI - CME) vs GOLD FUTURES (CX-GC - CME)</b>						
Spread Credit Rate	New	+1:-1			30%	30%
<b>ALUMINUM FUTURES (CX-ALI - CME) vs PALLADIUM FUTURES (NY-PA - CME)</b>						
Spread Credit Rate	New	+1:-1			30%	30%
<b>ALUMINUM FUTURES (CX-ALI - CME) vs PLATINUM FUTURES (NY-PL - CME)</b>						
Spread Credit Rate	New	+1:-1			30%	30%
<b>ALUMINUM FUTURES (CX-ALI - CME) vs SILVER FUTURES (CX-SI - CME)</b>						
Spread Credit Rate	New	+1:-1			30%	30%

## SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	<u>Tier Description</u>	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
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**Short Option Minimum (SOM) Rate**

**METALS - Short Option Minimum (SOM) Rate**

**ALUMINUM FUTURES (ALI) - SOM**

Clearing Member Rate		New			55.000	50.000
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## 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>METALS - Volatility Scan (volScan) Rate</b>						
<b>ALUMINUM FUTURES (ALI) - volScan</b>						
Clearing Member Rate	Mths 1-4	New				0.080
Clearing Member Rate	Mths 5+	New				0.050