CME Group

14-426

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Friday, October 31, 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, October 31, 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

USD MALAYSIAN PALM OLEIN CAL SWAP (OPS)

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
OPS	Spec		New	USD			1,100	1,000
OPS	Hedge/Member		New	USD			1,000	1,000

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
Intra Spreads								
			AGRICULTURE - Intra Spreads					
(USD MALAYSIAN PALM OLEIN CAL SWAP)								
OPS	Spec		New	USD			550	500
OPS	Hedge/Member		New	USD			500	500

Rate Type	Change	Ratio	Current Initial	Current Maintenance	New Initial	New Maintenance
Inter-commodity Spread Rates						
		AGRICULTURE - Inter-commodity Spread Rates				
USD MALAYSIAN PALM OLEIN CALENDAR SWAPS (OPS - CME) vs CRUDE PALM OIL (CPO - CME)						
Spread Credit Rate	New	+1:-1			65%	65%
USD MALAYSIAN PALM OLEIN CALENDAR SWAPS (OPS - CME) vs MALAYSIAN PALM OIL CALENDAR SWAP FUTURE (CPC - CME)						
Spread Credit Rate	New	+1:-1			65%	65%
USD MALAYSIAN PALM OLEIN CALENDAR SWAPS (OPS - CME) vs SOYBEAN OIL (07 - CME)						
Spread Credit Rate	New	+1:-1			50%	50%

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	Tier Description	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
Volatility Scan (volScan) Rate						
AGRICULTURE - Volatility Scan (volScan) Rate						
USD MALAYSIAN PALM OLEIN CALENDAR SWAPS (OPS) - volScan						
Clearing Member Rate		New				25.000%