



14-471

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Friday, December 5, 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, December 5, 2014.

Current rates as of:

Friday, December 5, 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

CRUDE OIL SPREADS - Outright Rates

LLS (ARGUS) VS. BRENT BALMO FUT (LBB)

LBB	Spec		New	USD			4,950	4,500
LBB	Hedge/Member		New	USD			4,500	4,500

LLS (ARGUS) VS. BRENT CRUDE OIL FIN (LLR)

LLR	Spec	Mnth 1	New	USD			2,750	2,500
LLR	Hedge/Member	Mnth 1	New	USD			2,500	2,500
LLR	Spec	Mnths 2-3	New	USD			2,200	2,000
LLR	Hedge/Member	Mnths 2-3	New	USD			2,000	2,000
LLR	Spec	Mnths 4+	New	USD			1,650	1,500
LLR	Hedge/Member	Mnths 4+	New	USD			1,500	1,500

LLS (ARGUS) VS. WTI BALMO FUT (LWB)

LWB	Spec		New	USD			4,950	4,500
LWB	Hedge/Member		New	USD			4,500	4,500

ELECTRICITY - Outright Rates

MISO INDIANA HUB PEAK 5 MW STRP SYN (7EM)

7EM	Spec		New	USD			55,000	50,000
7EM	Hedge/Member		New	USD			50,000	50,000

PJM WEST HUB REAL-TIME PK 5 MW SYN (28A)

28A	Spec		New	USD			55,000	50,000
28A	Hedge/Member		New	USD			50,000	50,000

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

METALS - Outright Rates

ASIAN IRON ORE FUTURES (TIC)

TIC	Spec	Mnth 1	New	USD			3,300	3,000
TIC	Hedge/Member	Mnth 1	New	USD			3,000	3,000
TIC	Spec	Mnths 2-5	New	USD			2,200	2,000
TIC	Hedge/Member	Mnths 2-5	New	USD			2,000	2,000
TIC	Spec	Mnths 6+	New	USD			1,650	1,500
TIC	Hedge/Member	Mnths 6+	New	USD			1,500	1,500

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

METALS - Inter-commodity Spread Rates

IRON ORE 58% FE, LOW ALUMINA, CFR CHINA (TSI) FUTURES (NY-TIC - CME) vs IRON ORE FUTURES (NY-TIO - CME)

Spread Credit Rate	New	+1:-1			30%	30%
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SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
Intra Spreads								
CRUDE OIL SPREADS - Intra Spreads								
(LLS (ARGUS) VS. BRENT BALMO FUT)								
LBB	Spec		New	USD			880	800
LBB	Hedge/Member		New	USD			800	800
(LLS (ARGUS) VS. BRENT CRUDE OIL FIN)								
LLR	Spec		New	USD			1,100	1,000
LLR	Hedge/Member		New	USD			1,000	1,000
(LLS (ARGUS) VS. WTI BALMO FUT)								
LWB	Spec		New	USD			880	800
LWB	Hedge/Member		New	USD			800	800
METALS - Intra Spreads								
(ASIAN IRON ORE FUTURES)								
TIC	Spec		New	USD			1,540	1,400
TIC	Hedge/Member		New	USD			1,400	1,400

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						
CRUDE OIL SPREADS - Short Option Minimum (SOM) Rate						
LLS (ARGUS) VS. BRENT BALMO FUTURES (LBB) - SOM						
Clearing Member Rate		New			49.500	45.000
LLS (ARGUS) VS. BRENT CRUDE OIL FINANCIAL FUTURES (LLR) - SOM						
Clearing Member Rate		New			27.500	25.000
LLS (ARGUS) VS. WTI BALMO FUTURES (LWB) - SOM						
Clearing Member Rate		New			49.500	45.000
ELECTRICITY - Short Option Minimum (SOM) Rate						
MISO INDIANA HUB (FORMERLY CINERGY HUB) REAL-TIME PEAK 5 MW OPTION ON CALENDAR FUTURES STRIP (7EM, OEA) - SOM						
Clearing Member Rate		New			660.000	600.000
PJM WESTERN HUB REAL-TIME PEAK 5 MW OPTION ON CALENDAR FUTURES STRIP (28A, 60A) - SOM						
Clearing Member Rate		New			660.000	600.000
METALS - Short Option Minimum (SOM) Rate						
IRON ORE 58% FE, LOW ALUMINA, CFR CHINA (TSI) FUTURES (TIC) - SOM						
Clearing Member Rate		New			33.000	30.000

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

Rate Type	Tier Description	Change	Current Initial	Current Maintenance	New Initial	New Maintenance
Volatility Scan (volScan) Rate						
CRUDE OIL SPREADS - Volatility Scan (volScan) Rate						
LLS (ARGUS) VS. BRENT BALMO FUTURES (LBB) - volScan						
Clearing Member Rate	Mnth 1	New				0.050
Clearing Member Rate	Mnths 2-3	New				0.050
Clearing Member Rate	Mnths 4+	New				0.050
LLS (ARGUS) VS. BRENT CRUDE OIL FINANCIAL FUTURES (LLR) - volScan						
Clearing Member Rate	Mnth 1	New				0.050
Clearing Member Rate	Mnths 2-3	New				0.050
Clearing Member Rate	Mnths 4+	New				0.050
LLS (ARGUS) VS. WTI BALMO FUTURES (LWB) - volScan						
Clearing Member Rate	Mnth 1	New				0.050
Clearing Member Rate	Mnths 2-3	New				0.050
Clearing Member Rate	Mnths 4+	New				0.050
ELECTRICITY - Volatility Scan (volScan) Rate						
MISO INDIANA HUB (FORMERLY CINERGY HUB) REAL-TIME PEAK 5 MW OPTION ON CALENDAR FUTURES STRIP (7EM, OEA) - volScan						
Clearing Member Rate		New				0.045
PJM WESTERN HUB REAL-TIME PEAK 5 MW OPTION ON CALENDAR FUTURES STRIP (28A, 60A) - volScan						
Clearing Member Rate		New				0.045
METALS - Volatility Scan (volScan) Rate						
IRON ORE 58% FE, LOW ALUMINA, CFR CHINA (TSI) FUTURES (TIC) - volScan						
Clearing Member Rate	Mnth 1	New				0.060
Clearing Member Rate	Mnths 2-5	New				0.030
Clearing Member Rate	Mnths 6+	New				0.030