CH Advisory 16 - 014

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

FROM: CME Clearing

SUBJECT: Performance Bond Requirements

DATE: Friday, January 08, 2016

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 08, 2016.

Current rates as of (pre-close):

Friday, January 08, 2016.

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.

ERIS Standards

New Contracts:

		ZB9203		ZB9204		ZD9212		ZD9215		ZD9220	
	Period		Margin		Margin		Margin		Margin		Margin
	1	Sep-19		Sep-20		Sep-28		Sep-31		Sep-36	
	2	Dec-19		Dec-20		Dec-28		Dec-31		Dec-36	
	3	Mar-20		Mar-21		Mar-29		Mar-32		Mar-37	
	4	Jun-20		Jun-21		Jun-29		Jun-32		Jun-37	
	5	Sep-20		Sep-21		Sep-29		Sep-32		Sep-37	
	6	Dec-20		Dec-21		Dec-29		Dec-32		Dec-37	
Tier 1	7	Mar-21	$ 700.00	Mar-22	$ 750.00	Mar-30	$2,050.00	Mar-33	$2,450.00	Mar-38	$3,500.00
	8	Jun-21		Jun-22		Jun-30		Jun-33		Jun-38	
	9	Sep-21		Sep-22		Sep-30		Sep-33		Sep-38	
	10	Dec-21		Dec-22		Dec-30		Dec-33		Dec-38	
	11	Mar-22		Mar-23		Mar-31		Mar-34		Mar-39	
	12	Jun-22		Jun-23		Jun-31		Jun-34		Jun-39	
	13	Sep-22		Sep-23		Sep-31		Sep-34		Sep-39	
Tier 2	14	Dec-22	$ 900.00	Dec-23	$1,100.00	Dec-31	$2,250.00	Dec-34	$2,650.00	Dec-39	$3,650.00
	15	Mar-23		Mar-24		Mar-32		Mar-35		Mar-40	
	16	Jun-23		Jun-24		Jun-32		Jun-35		Jun-40	
	17	Sep-23		Sep-24		Sep-32		Sep-35		Sep-40	
	18	Dec-23		Dec-24		Dec-32		Dec-35		Dec-40	
Tier 3	19	Mar-24	$1,100.00	Mar-25	$1,400.00	Mar-33	$2,450.00	Mar-36	$2,850.00	Mar-41	$3,800.00
Tier 4	20	**Mar-29**	$1,550.00	**Mar-30**	$1,750.00	**Mar-38**	$3,500.00	**Mar-41**	$4,200.00	**Mar-46**	$5,200.00

- All Volatility scans for above products are set at .04
- All Short Option Minimums are set at 1%
- ‘Maintenance Margin’ requirements listed above. ‘Initial margin’ is set to 110% of ‘Maintenance Margin’

Expanded Expiries (existing contracts):

		ZA9202		ZB9205		ZC9207		ZC9210		ZD9230	
	Period		Margin		Margin		Margin		Margin		Margin
	1	Sep-18		Sep-21		Sep-23		Sep-26		Sep-46	
	2	Dec-18		Dec-21		Dec-23		Dec-26		Dec-46	
	3	Mar-19		Mar-22		Mar-24		Mar-27		Mar-47	
	4	Jun-19		Jun-22		Jun-24		Jun-27		Jun-47	
	5	Sep-19		Sep-22		Sep-24		Sep-27		Sep-47	
Tier 1	6	Dec-19	$ 500.00	Dec-22	$ 1,350.00	Dec-24	$ 1,650.00	Dec-27	$ 2,000.00	Dec-47	$ 5,300.00
	7	Mar-20		Mar-23		Mar-25		Mar-28		Mar-48	
	8	Jun-20		Jun-23		Jun-25		Jun-28		Jun-48	
	9	Sep-20		Sep-23		Sep-25		Sep-28		Sep-48	
	10	Dec-20		Dec-23		Dec-25		Dec-28		Dec-48	
	11	Mar-21		Mar-24		Mar-26		Mar-29		Mar-49	
	12	Jun-21		Jun-24		Jun-26		Jun-29		Jun-49	
Tier 2	13	Sep-21	$ 600.00	Sep-24	$ 1,450.00	Sep-26	$ 1,750.00	Sep-29	$ 2,100.00	Sep-49	$ 5,400.00
	14	Dec-21		Dec-24		Dec-26		Dec-29		Dec-49	
	15	Mar-22		Mar-25		Mar-27		Mar-30		Mar-50	
	16	Jun-22		Jun-25		Jun-27		Jun-30		Jun-50	
	17	Sep-22		Sep-25		Sep-27		Sep-30		Sep-50	
	18	Dec-22		Dec-25		Dec-27		Dec-30		Dec-50	
Tier 3	19	Mar-23	$ 700.00	Mar-26	$ 1,550.00	Mar-28	$ 1,850.00	Mar-31	$ 2,200.00	Mar-51	$ 5,500.00
Tier 4	20	**Mar-28**	$ 1,000.00	**Mar-31**	$ 2,150.00	**Mar-33**	$ 2,600.00	**Mar-36**	$ 3,100.00	**Mar-56**	$ 7,700.00

- All Volatility scans for above products are set at .04
- All Short Option Minimums are set at 1%
- ‘Maintenance Margin’ requirements listed above. ‘Initial margin’ is set to 110% of ‘Maintenance Margin’

SPAN MINIMUM PERFORMANCE BOND REQUIREMENTS

CC	Rate Type	Description	Change	ISO	Current Initial	Current Maintenance	New Initial	New Maintenance
Outright Rates								
10 YEAR INVOICE SWAP MARCH (ZC9903)								
ZC9903 Spec			New	USD			1,540	1,400
ZC9903 Hedge/Member			New	USD			1,400	1,400
2 YEAR INVOICE SWAP MARCH (ZA9903)								
ZA9903 Spec			New	USD			330	300
ZA9903 Hedge/Member			New	USD			300	300
30 YEAR/UBE INVOICE SWAP MARCH (ZD9903)								
ZD9903 Spec			New	USD			2,750	2,500
ZD9903 Hedge/Member			New	USD			2,500	2,500
5 YEAR INVOICE SWAP MARCH (ZB9903)								
ZB9903 Spec			New	USD			495	450
ZB9903 Hedge/Member			New	USD			450	450

- All Volatility scans for above products are set at .04
- All Short Option Minimums are set at 1%