

**University of Zurich**

Chair of Financial Economics  
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Bachelor Thesis

# **Margin Requirements and Volatility in Silver Futures Markets**

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## **Abstract**

This thesis investigates the impact of margin requirement changes on volatility with special regard to the silver futures market. The first part provides an explanation of how margin trading in futures markets works and how margins are determined in theory and in praxis. Therefore, the major example considered is the COMEX Silver Futures Contract traded at the Chicago Mercantile Exchange (CME). In the main part, current academic literature about the relation between margins and volatility is studied in order to reveal similarities and differences and discuss those in context of the highly volatile silver futures market of 2011. On basis of the gained insights, the last part of the thesis focuses on the challenges and solutions for an optimal margin requirement process. This part also covers regulatory aspects and discusses ideas to enhance the margin assessment.