

Equity Product Spreading Conventions

The following excerpt is a guide to the conventions used to trade equity futures spreads on the CME Globex platform.

Equity Calendar Spreads

The Equity (EQ) calendar spreads consist of two contracts within a single Equities instrument group with different maturity months. Buying one calendar spread means selling one front month leg and buying one back month leg. This is a “-1:+1” ratio spread.

Products: Equity Products
Construction: Sell1exp1 Buy1exp2

Examples:

Buy one spread ESZ9-ESH0
Sell one December 2009 E-mini S&P 500 future
Buy one March 2010 E-mini S&P 500 future

Sell one spread ESZ9-ESH0
Buy one December 2009 E-mini S&P 500 future
Sell one March 2010 E-mini S&P 500 future

Leg Assignment

1. CME Globex anchors the Leg 1 price assignment (nearby month) with the previous day's settlement price.
2. CME Globex applies the spread price to the anchor leg price and assigns the net result to the other leg price.

Example: E-mini S&P 500 Future

- The Dec-March calendar future traded at a price of -4.50.
- The December outright previous day's settlement price was 1000.50
- CME Globex assigns the December leg price as follows:

$$\text{December leg (1000.50) + Spread (-4.50) = 996.00 (March leg assignment)}$$

For more information, contact the Equity Products team at 1-800-331-3332 or email equities@cmegroup.com.