

Scanning Tier Requirements Report

This report gives the Scan Risk Scenario gain/loss per each Combined Commodity and identifies the largest loss scenario.

Exch Cmplx: Exchange Complex

The exchange complex, clearing organization or cross margining agreement. The Exchange Complex contains the set of Combined Commodities for a single exchange, clearing organization or cross margining agreement (although in some cases the Exchange Complex may have more than one exchange). To view the complete listing of Exchange Complexes refer to the Exchanges report under the reports Master folder.

Comb Comm: Combined Commodity

The set of all eligible products used to generate a total requirement for each Exchange Complex within a portfolio. A Combined Commodity generally consists of all products of the same underlying physical. For example, at the CME, the Eurodollar combined commodity encompasses Mid-Curve options, Eurodollars and Eurodollar options. To view the complete listing of Combined Commodities, refer to the Combined Commodities report under the Risk Parameters folder.

Level: The breakdown of the scanning risk calculations for net and gross portfolios. The scan scenario is shown as net for a net portfolio, but for a gross portfolio scan risk calculations are categorized by inter, intra and naked.

Class: Specifies the different levels of performance bond requirements. This allows an exchange or clearing organization to divide its performance bond requirement into different, acceptable forms of collateral.

Maint/Init: Identifies whether a performance bond requirement is a Maintenance Requirement or an Initial Requirement.

Tier No.: A tier is a set of consecutive contract expirations for one Combined Commodity. The tier number refers to a series of contract expirations within a tier. Overall is used to identify all contract expirations in a Combined Commodity.

Scan Risk: The per contract risk calculation Span generates to identify the greatest loss from a Combined Commodity under one of the Risk Array calculations.

Active Scenario:

The number of the Risk Array Scenario that caused the greatest loss for each Combined Commodity is shown, along with its assumptions for price, volatility and weighted futures price risk. In the case of the above example, for the Combined Commodity EC, the Active Scenario is Scenario 11. (Note: in Span, losses are viewed as positive values, and gains as negative values).

Scenario:

This is a view of the Risk Array Scenarios utilized by Span (there are sixteen standard arrays, although greater or fewer arrays may be used). Each Scenario reflects the hypothetical gain/loss for the position in a Combined Commodity under specified market conditions. The scenarios assume a change in the price and volatility of the underlying instrument. For example, for Combined Commodity EC in the above report, scenario 5 assumes that the underlying price is down 1/3 of the price scan range, volatility up the full volatility scan range percentage and a scenario weight of 100%, which means to apply 100% of the gain or loss total.

Scenario Total:

The gain or loss associated with each Scenario - again, losses are expressed as positive values, gains as negative values. For example, for Combined Commodity EC in the above report, scenario 15 assumes that the underlying price is up 3 times the full price scan range, no volatility (at zero on the scan range percentage scale) and a scenario weight of 30%, which means to apply 30% of the gain or loss total.