

Intercommodity Spreading Tier Requirements Report

This report shows the intercommodity spread credit for each Combined Commodity. It further breaks the intercommodity spread credit down by the underlying scan, time, volatility and delta.

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.

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.

Intercom Credit: InterCommodity Credit

Performance Bond reduction resulting from offsetting positions in related instruments.

Delta Remaining/Original:

Remaining: Total delta left for a product after all the intercommodity/interexchange spreading has been calculated

Original: The total delta for a product before any intercommodity/interexchange spreading has been calculated

Risk: Shows Risk broken down by Scan Risk, Time, Volatility, Price and Weighted Price Risk

Scan Risk: The per contract risk calculation Span generates to identify the greatest loss from a combined commodity under one of the usual sixteen Risk Arrays. The Scan Risk estimates the gain or loss a portfolio might experience given price, volatility and time expiration changes.

Time: Time Risk

This risk is approximated by averaging the values

Time Risk = (Scan Risk) - (Price Risk) - (Volatility Risk)

Volatility: Volatility Risk

Volatility Risk is approximated by calculating the differences in values associated with the active scenarios and the paired scenarios, and then averaging those values. For example, scenarios 1 and 2, 3 and 4, 5 and 6 are paired scenarios. This isolates the Volatility Risk from the Price and Time Risk.

Volatility Risk = (Scan Risk) - (Price Risk) - (Time Risk)

Price: Price Risk

Price Risk is derived by subtracting the Time and Volatility Risk from the Scan Risk.

Price Risk = (Scan) - (Time) - (Volatility)

WPR: Weighted Price Risk

The price risk per delta.

Weighted Price Risk = Price Risk/Rounded Net Delta