

PB Requirements Report

This report shows the end-calculation of each component used to derive the PB Requirement. The upper portion of the report gives a general overview of the Total Requirements, while the lower portion give a more detailed view of requirements overall, per Exchange Complex and per Combined Commodity.

Overall for Portfolio: The portfolio's total equity broken down by Ledger Balance, Open Trade Equity and Securities on Deposit

Core Maintenance Requirement/Total Requirement: Equal to the Span Maintenance Requirement less the Available Net Option Value

Excess Over (Deficit Under): (Net Liquidating Value + Securities) - (Maintenance Span Requirement)

Core Initial Requirement/Total Requirement: Equal to the Span Initial Requirement less the Available Net Option Value

Excess Over (Deficit Under): (Net Liquidating Value + Securities) - (Initial Span Requirement)

Net Liquidating Value + Securities: Total Equity plus Available Net Option Value

The lower portion of the report contains the Overall Long and Short Option Values, Overall Maintenance and Initial Requirements, and Requirements per Exchange and Combined Commodity. These elements are further broken down by the actual Span Requirement, the Average Net option Value, Scan Risk /Risk Scenario, Intra-commodity Charge, Spot Charge, Inter-commodity Credit/Delta Remaining, Inter-Exchange Credit and Short Option Minimum.

Level: The breakdown of performance bond requirements at the overall level, and by each currency in the portfolio.

Curr: The currency used for each product and for the overall portfolio. Span gives the option of using different currencies for overall portfolio requirements and for each product's performance bond requirements.

LOV: Long Option Value

The total value of all the long options in the portfolio

SOV: Short Option Value

The total value of all the short options in the portfolio

Class: Specifies the different levels of performance bond requirements. This allows an exchange or clearing organization to divide it's 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.

SpanReq: The requirement derived by Span which reflects the hypothetical single-day exposure given the Exchange or Clearing Organization's parameters. It is calculated by taking the Scan Risk and adding to it any intra-commodity, spot or Short Option Minimum charges, and deducting any inter-commodity or inter-exchange credits.

Av NOV : Available Net Option Value

The Long Option value less the Short Option Value less any restrictions on Long Option Value.

Scan/Scen: The Scan Risk/Risk Scenario

Scan Risk: The per product risk calculation Span generates to identify the greatest loss from a combined commodity under one of the set of Risk Arrays (usually sixteen).

Risk Scenario: The actual Risk Array number (one of the usual sixteen) for each combined commodity is shown, along with its associated price, volatility and weighting factors.

Intracom Charge: Intra-commodity Charge

Additional charge that covers the calendar basis risk that may exist for portfolios containing futures and options with different expirations.

Spot: Spot Charge

Additional charge that covers the risk that may of products nearing expiration.

Inter/Delta: The Inter-Commodity Credit/Delta Remaining

Inter-Commodity Credit: Performance Bond reduction resulting from offsetting positions in related instruments.

Delta Remaining: Total delta left in a product after all the inter-commodity/inter-exchange spreading has been calculated

Intex: Inter-Exchange Credit

Performance Bond reduction resulting from offsetting positions at different exchanges.

SOM: Short Option Minimum

To cover the risks associated with deep-out-of-the-money short options positions, SPAN assesses a minimum portfolio requirement based on the short options contained in the portfolio. The performance bond requirement cannot fall below this floor level.