

UDS - Defining Leg Ratio Quantities

The following examples illustrate how CME Globex decomposes the quantity of leg instruments defined in the iLink Security Definition Request message in tag 623-LegRatioQty and tag 624-Side and validates 'lowest terms' for the leg ratio.



For UDS on CME Globex, the maximum ratio per leg is 20. UDS Security Definition Requests with one or more leg ratio(s) greater than 20 will be rejected.

Example 1 - UDS Constructed with Outright Options

1. Client defines a new options spread consisting of the following legs/repeating groups:
 - GE0Z7 C8900 (side = Buy, ratio = 1)
 - GE0Z7 C8950 (side = Sell, ratio = 2)
 - GE0Z7 C9000 (side = Buy, ratio = 1)
2. CME Globex determines that these legs have the lowest terms of 1:2:1 and accepts the message.

Example 2 – UDS Constructed with Exchange Recognized Options Spread Type Instruments

1. Client defines a new options spread consisting of the following legs/repeating groups:
 - UDS1: UD:U\$: VT 1025924242 (side = Sell, ratio = 1)
 - Leg 1: B GEU8 P9825
 - Leg 2: S GEU8 P9787
 - UDS2: UD:U\$: VT1025924175 (side = Sell, ratio = 1)
 - Leg 1: B GEU8 P9837
 - Leg 2: S GEU8 P9787
2. CME Globex identifies the component instruments as:
Buy 1 GEU8 P9825, Sell 2 GEU8 P9787, Buy 1 GEU8 P9837
Ratio = 1:2:1, Spread Type = GN
3. CME Globex determines that these legs have the lowest terms of 1:2:1, accepts the message, and creates the instrument: **UD:U\$: GN 1025924309**

Example 3 - UDS Constructed with Invalid Leg Ratio - Security Definition Rejected

This example shows how a proposed UDS will be rejected due to leg ratio lowest common denominator validation.

1. Client defines a new options spread consisting of the following legs/repeating groups:
 - GE0Z7 C8900 (side = Buy; ratio 2)
 - GE0Z7 C8950 (side = Sell; ratio 3)
 - GE0Z7 C9000 (side = Buy; ratio 1)
 - UD:U\$: VT 1025924242 (side = Sell, ratio = 1)
2. CME Globex identifies the component instruments as follows:
 - GE0Z7 C8900 (side = Buy; ratio 2)
 - GE0Z7 C8950 (side = Sell; ratio 3)
 - GE0Z7 C8950 (side = Sell; ratio 1)
 - GE0Z7 C9000 (side = Buy; ratio 1)
 - GE0Z7 C9000 (side = Buy; ratio 1)
3. CME Globex combines legs 2 and 3 and legs 4 and 5 as identical:
 - GE0Z7 C8900 (side = Buy; ratio 2)
 - GE0Z7 C8950 (side = Sell; ratio 4)
 - GE0Z7 C9000 (side = Buy; ratio 2)
4. CME Globex determines that these legs have lowest terms of 1:2:1 and rejects the message.

In the case of the rejected iLink Security Definition Request above, the request is rejected due to the quantity of each leg requested. The client can submit the same legs in their lowest terms format then, when the instrument is created (UD:U\$: GN 1209250005), place an order or quote for 2.