

DATE: April 15, 2020

TO: Clearing Member Firms

FROM: CME Clearing

ADVISORY #: **20-160**

SUBJECT: Testing opportunities in CME’s “New Release” environment for negative prices and strikes for certain NYMEX energy contracts

Recent market events have raised the possibility that certain NYMEX energy futures contracts could trade at negative or zero trade prices or be settled at negative or zero values, and that options on these futures contracts could be listed with negative or zero strike prices.

Were this to occur, all of CME’s trading and clearing systems would continue to function normally. Support for zero or negative futures and/or strike prices is standard throughout CME systems. All file and message formats support such prices, and we have a variety of products which have long behaved in this manner, for example **NYMEX BY** (WTI-Brent Bullet) futures contracts and **NYMEX BV** options on those futures contracts.

Clearing Advisory 20-152 was published on April 8, 2020, and detailed the process, considerations and timing by which CME would transition from the Whaley option pricing model to the Bachelier option pricing model for margining and settlements for particular groups of products. It’s at: <https://www.cmegroup.com/content/dam/cmegroup/notices/clearing/2020/04/Chadv20-152.pdf>

Globex Advisory 20200403 was published on April 3, 2020 and details the changes to Price and Strike Price Eligibility flags associated with this possibility. It’s at: <https://www.cmegroup.com/notices/electronic-trading/2020/04/20200403.html#pageNumber=1>

Effective immediately, firms wishing to test such negative futures and/or strike prices in their systems may utilize CME’s “New Release” testing environments, for products **CL** (crude oil futures) and **LO** (options on those futures.) “New Release” SPAN files and settlement price files already reflect such prices. In the New Release environment, orders may be submitted in CME Globex, block trades may be submitted through CME Clearport, and all normal trade and position processing may be performed in Clearing.

The full list of potentially affected products is provided on the following page.

For more information please contact CME Clearing at ccs@cmegroup.com or via phone at Chicago (312) 207 2525 | London (44) 203 379 3198 | Singapore (65) 6593 5591.

Product	Clearing Code	Clearing Product Type	Globex Code	Group Code	Category	Benchmark
Brent Crude Oil Last Day Financial Futures	BZ	FUT	BZ	OP	BZ	Y
Brent Crude Oil Average Price Option	BA	OOF	BA	OT	BZ	N
Brent Crude Oil BALMO Futures	J9	FUT	AJ9	BB	BZ	N
Brent Crude Oil European Financial Option	BE	OOF	BE	OT	BZ	N
Brent Crude Oil Futures-Style Margin Option	BZO	OOF	BZO	PR	BZ	N
Brent Crude Oil Option	OS	OOF	OSX	OT	BZ	N
Brent Crude Oil Penultimate Financial Futures	BB	FUT	BB	BB	BZ	N
Brent Financial Futures	CY	FUT	CY	CC	BZ	N
Dated Brent (Platts) BALMO Futures	DBB	FUT	DBB	BB	BZ	N
Mini Brent Financial Futures	MBC	FUT	MBC	CC	BZ	N
Light Sweet Crude Oil Futures	CL	FUT	CL	CL	CL	Y
Argus WTI Formula Basis Calendar Month Futures	39	FUT	39	CC	CL	N
Argus WTI Trade Month Futures	V7	FUT	V7	CC	CL	N
Crude Oil Bullet Futures	WS	FUT	WS	WS	CL	N
Crude Oil Last Day Financial Futures	26	FUT	26	CC	CL	N
Crude Oil Weekly Options	LO1-LO5	OOF	LO1-LO5	LO	CL	N
Daily Crude Oil Option	CD	OOF	ICD	LO	CL	N
Daily WTI Financial Futures	DCL	FUT	DCL	CC	CL	N
E-mini Crude Oil Futures	QM	FUT	QM	CL	CL	N
Light Sweet Crude Oil European Financial Option	LC	OOF	LCE	LO	CL	N
Light Sweet Crude Oil Option	LO	OOF	LO	LO	CL	N
LLS (Argus) Financial Futures	XA	FUT	AXA	CC	CL	N
WTI BALMO Futures	42	FUT	A42	CC	CL	N
WTI Financial Futures	CS	FUT	CSX	CC	CL	N
WTI Trade Month Futures	TCS	FUT	TCS	CC	CL	N
WTI Average Price Option	AO	OOF	AAO	LO	CS	N
WTI Houston Crude Oil Option	HCO	OOF	HCO	H3	HCL	Y
WTI Houston Crude Oil Futures	HCL	FUT	HCL	HC	HCL	N
NY Harbor ULSD Option	OH	OOF	OH	OH	HO	Y
E-mini NY Harbor ULSD Futures	QH	FUT	QH	CL	HO	N
NY Harbor ULSD Average Price Option	AT	OOF	ATX	EP	HO	N
NY Harbor ULSD BALMO Futures	1G	FUT	A1G	RF	HO	N
NY Harbor ULSD Bullet Futures	BH	FUT	ABH	RF	HO	N
NY Harbor ULSD European Financial Option	LB	OOF	LB	EF	HO	N
NY Harbor ULSD Financial Futures	MP	FUT	MPX	PT	HO	N
NY Harbor ULSD Futures	HO	FUT	HO	CL	HO	N
NY Harbor ULSD Last Day Financial Futures	23	FUT	23	CP	HO	N
DME Oman Crude Oil Futures	OQD	FUT	OQD	DE	OQD	Y
DME Dubai Crude Oil (Platts) BALMO Futures	DDI	FUT	DDI	DE	OQD	N
DME Dubai Crude Oil (Platts) Futures	DCD	FUT	DCD	DE	OQD	N
Dubai Crude Oil (Platts) BALMO Futures	BI	FUT	ABI	BB	OQD	N
Dubai Crude Oil (Platts) Financial Futures	DC	FUT	DCB	BB	OQD	N
RBOB Gasoline Average Price Option	RA	OOF	RA	EF	RB	Y
E-mini RBOB Gasoline Futures	QU	FUT	QU	CL	RB	N
RBOB Gasoline BALMO Futures	1D	FUT	A1D	RF	RB	N
RBOB Gasoline Bullet Futures	RT	FUT	RT	WS	RB	N
RBOB Gasoline European Financial Option	RF	OOF	ARF	EF	RB	N
RBOB Gasoline Financial Futures	RL	FUT	RLX	PT	RB	N
RBOB Gasoline Futures	RB	FUT	RB	CL	RB	N
RBOB Gasoline Last Day Financial Futures	27	FUT	27	CP	RB	N
RBOB Gasoline Option	OB	OOF	OB	OB	RB	N