



Clearing Advisory Notice

DATE: November 16, 2020

TO: Clearing Member Firms

FROM: CME Clearing

ADVISORY #: 20-436

SUBJECT: **SPAN 2™ Margin Framework Production Parallel Margin Reporting**

CME Clearing is pleased to announce that production parallel testing of the new SPAN 2 margin framework is now underway for select energy futures and options on futures contracts. A new SPAN 2 Margin Breakdown Report will be available to Clearing Members to begin testing SPAN 2 margin requirements.

The new SPAN 2 Margin Breakdown Report will be made available to Clearing Members through the Clearing Enterprise Reporting Portal (EREP) for production parallel testing starting November 17th. The report simulates portfolio risk requirements by taking production portfolios and running in-scope energy products through the SPAN 2 framework and all other products through the current SPAN® methodology to compute a single portfolio requirement.

The report will be prepared tonight and will be available for Clearing Member testing on November 17th. Clearing Members can then directly analyze the impacts of SPAN 2 margin requirements on a variety of cleared portfolios. The new SPAN 2 Margin Breakdown Report will be available daily going forward ahead of CME's live application of the SPAN 2 framework to in-scope energy futures and options on futures contracts.

CME will continue to enhance the report and anticipates publishing another release by mid-December. The scope of each release is summarized below.

Report Summary – In Scope November 17th

- House and Customer based margin decomposition of margin requirements reported at new Pod based margin reporting level.
- All margin requirements in this version reflect 1-day MPOR

Production Parallel Margin Reporting details available [here](#).

Information regarding the details of the all SPAN 2 margin reporting available [here](#).

Report Summary – In Scope for Future Releases

- House and Customer based margin aggregation of portfolio level requirements
- Omnibus margin reporting enhancements for outright positions.
- House requirements will reflect 2-Day MPOR
- Reporting details enhanced to include SPAN 2 Product Group

FCM users can request access to EREP by contacting posttradeservices@cmegroup.com. Existing users will be given access to the report. The report name will appear as “MARGIN001_PP_YYYY-MM-DD.csv” and it will be published on a T+1 basis by 4 PM CT.

More information about the SPAN 2 margin framework can be found [here](#) including updated links to the Margin Reporting specification document. An upcoming working group meeting with FCMs will be held in early December to provide a walkthrough of the report along with an overall project update from CME. CME will reach out to Clearing Member Representatives to schedule the working group meeting separately.

A subsequent advisory will be issued when the additional enhancements to the margin report are completed.

For more information please contact CME Clearing at posttradeservices@cmegroup.com or via phone at Chicago (312) 580 5353 | London (44) 203 379 3198 | Singapore (65) 6593 5591.