TO: Clearing Firms; Back Office Managers; CME Optimizer Users; CME CORE Users

FROM: CME Clearing

DATE: 7/8/2019

ADVISORY #:   19-216

SUBJECT: **CME Optimizer Software Version 13.0 Release, Mandatory Upgrade Required by August 26, 2019 (tentative)**

CME is releasing a new build of the Optimizer software, version 13. Optimizer users must upgrade to the newest build on or before the the tentative date August 26th 2019 to support enhancements described below. Firms who do not upgrade by August 26th will experience subsequent Optimizer failures. The NR and Production dates will be confirmed in a subsequent advisory.

To allow for backwards compatibility, Optimizer 13 has a new plug-in architecture which allows firms to install and run the new build in the same location as, and without uninstalling, the prior build. A candidate build was delivered June 29; the production build is **now available**.

New features for Optimizer 13 include:

1. Fully integrated CME IRS margin model. Prior versions approximated IRS risk using delta ladder inputs.
2. Some users may see additional efficiencies compared to prior versions.

Operational Changes for Optimizer 13 include:

1. New Optimizer input files will be required to run version 13, summarized below:

File Name – Production (EOD/ITD)**	Business Description	Publishing Location	Time Available (EOD/ITD)	New for v13?
• IRSPNL_XXX_YYYYMMDD_EOD.csv • IRSPNL_XXX_YYYYMMDD.170000_ITD.csv	IRS Portfolio-level Scenario Data	FXXXFTP/Outgoing	ITD: ~5:30 pm CT EOD: ~6:30 pm CT	Y
• IRSTimeValue_XXX_YYYYMMDD_EOD.csv • IRSTimeValue_XXX_YYYYMMDD.170000_ITD.csv	Portfolio-level time value for Swaptions	FXXXFTP/Outgoing	ITD: ~5:30 pm CT EOD: ~6:30 pm CT	Y
• IRSSkewSensitivity_XXX_YYYYMMDD_EOD.csv • IRSSkewSensitivity_XXX_YYYYMMDD.170000_ITD.cs	IRS portfolio-level skew sensitivity	FXXXFTP/Outgoing	ITD: ~5:30 pm CT EOD: ~6:30 pm CT	Y
• IRSGammaLadder_XXX_YYYYMMDD_EOD.csv • IRSGammaLadder_XXX_YYYYMMDD.170000_ITD.csv	Portfolio-level Gamma Ladder	FXXXFTP/Outgoing	ITD: ~5:30 pm CT EOD: ~6:30 pm CT	Y
• IRSVegaLadder_XXX_YYYYMMDD_EOD.csv • IRSVegaLadder_XXX_YYYYMMDD.170000_ITD.csv	Portfolio-level Vega Ladder	FXXXFTP/Outgoing	ITD: ~5:30 pm CT EOD: ~6:30 pm CT	Y
• IRSMargin_SkewScenarios_YYYYMMDD.csv	IRS Skew Scenarios	pub/IRS	One file only: ~5:30 pm CT	Y
• IRSFutureScenariosPnL_YYYYMMDD.csv	Scenario Prices for all PM-eligible futures contracts	pub/IRS	One file only: ~5:30 pm CT	Y
• cme_rIoptimizercfg_YYYYMMDD.zip	System Configurations file – obfuscated and zipped	pub/IRS	One file only: ~5:30 pm CT	Y
• Base_Curves_YYYYMMDD.csv	Base Curves	pub/IRS	One file only: ~5:30 pm CT	N
• Futures_Delta_YYYYMMDD.csv	Futures Delta Ladder	pub/IRS	One file only: ~5:30 pm CT	N
• IRSDL_XXX_YYYYMMDD_EOD/ITD.csv	Portfolio-level Delta Ladder	FXXXFTP/Outgoing	ITD: ~5:30 pm CT EOD: ~6:30 pm CT	N
• Positions.csv	F&O positions	Firm-produced	Firm-produced	N
• cme.YYYYMMDD.s/e.cust.spn	SPAN® Risk Parameters	pub/SPAN/XML	.e version: 4:45 pm CT .s version: 5:30 pm CT	N

a. Log_Return_yyyymmdd.csv is being decommissioned and will no longer be available for download
b. ConcentrationBracket_yyyymmdd.xml will no longer be an input to Optimizer 13, but it is not being decommissioned.
2. The Configuration file is migrated from XML to JSON format.
3. The output log file is updated to reflect the re-written Optimizer architecture.
4. The output margin reports references to HVaR are replaced by VaR.

Adoption Timeline (TBC):

End June: Software delivery → Late June – August: Firm Testing → Tentative July 17: NR Inputs Available → Tentative August 26: Prod Go-Live

Dissimilar to prior installations, users can keep Optimizer 12 installed while installing version 13 in order to run either version under the new plug-in architecture. Due to the large quantity of changes, a new Optimizer User guide has been published here. For general details about the Portfolio Margin program, see here. For detailed release notes please see here.

CME CORE Impacts

CME CORE Rates User Interface will be impacted in the following ways:
- Deprecation of the Ideal Optimizer Report in the 'Optimize' feature
  o This report provided a list of futures not present in the account which would reduce total IRS-based risk to its maximum efficiency.
  o Other standard Optimize feature reports will continue to be available.
- 'Optimize' feature will be available in the test region in August.

Accessing the latest version of CME Optimizer (Production version available July 8, 2019):
1) Create a CME login ID if necessary.
   a. See steps below for creating a CME Login ID.
2) Email your CME Login ID to cme.core@cmegroup.com to be entitled to download Optimizer if you have not in the past.
3) Log into CME CORE here: https://cmecore.cmegroup.com/
4) Navigate to the Download Center → Software.
   a. CME Optimizer is available under the "CME Optimizer" section.

Steps for creating a CME Login ID:
1) Go to the CME CORE login screen: https://cmecore.cmegroup.com/
2) Click on the "Need to Register" link and provide the required information.
3) Receive your CME Login ID. Please reach to **EASE.AtYourService@cmegroup.com** with any questions about creating a CME Login ID.

Please reach out to the CME CORE team at cme.core@cmegroup.com with any questions.