

TO: Clearing Member Firms  
 FROM: CME Clearing  
 DATE: October 14, 2022

ADVISORY #: 22-396

SUBJECT: **“LS” Spread Type on Pit Trades**

Beginning Monday, November 21, 2022, CME will allow Pit Trades to be designated with a Spread Type of “LS” through both the FECPlus UI and via API messaging. This “LS” Spread Type is being introduced in anticipation of fee waivers that CME plans to implement beginning in November 2022\*. A Spread Type of “LS” signifies that the traded leg was executed as part of a qualifying “Eurodollar-SOFR” Options Spread.

The changes to support the new Spread Type will be available to test in CME’s New Release testing environment beginning Wednesday, November 2, 2022.

The FECPlus UI will be enhanced to allow the LS Spread Type to be designated on Pit Trades from the Pit Trade Entry screen, and/or via Update on the main Search Results Screen.

1. Pit Trade Entry UI screenshot, highlighting new Spread Type field

FEC Internal CME CBT NYMEX

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Trades Positions

Search Saved Search Trade Entry

Trade Type ▼

Firm Exch: ▼ Product Exch: ▼

Upload File

Trade Type ▼

Firm Exch: ▼ Product Exch: ▼

Choose File No file chosen

Upload

Pit 5

Update no. of rows Reset Save

In Time	In Time Ind	Brkr Rect	Brkr Rect Ind	Exec Time	Exec Ind	Out Time	Out Time Ind	Spread Type
hhmmss	▼	hhmmss	▼	hhmmss	▼	hhmmss	▼	LS ▼
hhmmss	▼	hhmmss	▼	hhmmss	▼	hhmmss	▼	LS ▼
hhmmss	▼	hhmmss	▼	hhmmss	▼	hhmmss	▼	LS ▼
hhmmss	▼	hhmmss	▼	hhmmss	▼	hhmmss	▼	LS ▼
hhmmss	▼	hhmmss	▼	hhmmss	▼	hhmmss	▼	LS ▼

New Spread Type Column

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## 2. FEC Main Search Results screen showing an expanded Pit Trade, with Spread Type on the second line

FEC Internal CME CBT NYMEX

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Trades Positions

Search Saved Search Trade Entry

Firm Search Type  
Pit Trade Type  
Firm Exch Product Exch  
Date Type From Date To Date  
Traded As Market Side  
Product Type  
Search

Trades

Admin v Expand All Accept Reject Update Allocate Transfer Delete

Firm	Status	Trade Date	ID	Product	Contract	P/c	Strike Price	B/S	Qty	Price	Account
560	MA	10/3/22	1000001	ED	12/22			B	50	99.87	Thomas Shelby
Undy	Time Brkt	CTR	BK Brkr	In Time	In Time Ind	Brkr Rect	Exec Time	Exec Ind	Out Time	Out Time Ind	Spread Type
	K										LS

New Spread Type Column with Dropdown on Second Line

Admin v Expand All Accept Reject Update Allocate Transfer Delete

Additionally, a Pit Trade may be Added or Updated via FIXML message, with LS specified in the existing Spread Type attribute; Instrmt/@SubTyp="LS". See the sample Add message below.

CME will also send a Pit Trade confirm messages containing Instrmt/@SubTyp="LS" when a Pit Trade has been Added or Updated through the FECPlus UI.

### Sample Pit Trade submission showing Instrmt/@SubTyp="LS"

```
<FIXML>
  <TrdCaptRpt TransTyp="0" TrdTyp="0" TrdDt="2022-09-14" TxnTm="2022-09-14T11:43:21-06:00"
  MLegRptTyp="2" LastQty="10" LastPx=".10000000" TrdID="0004858">
    <Hdr SID="999" TID="CME" SSub="CME" TSub="CME"/>
    <Instrmt Exch="CME" ID="ED" MMY="202212" SecTyp="OOF" StrkPx="95.75000000" PutCall="1"
    SubTyp="LS"/>
    <RptSide Side="1" ClOrdID="5804" CustCpcty="4" OrdTyp="L" TmBkt="L" SesSub="P" InptDev="API">
      <Pty ID="CME" R="22"/>
      <Pty ID="999" R="1"/>
      <Pty ID="CUST211" R="24">
        <Sub ID="1" Typ="26"/>
      </Pty>
      <Pty ID="JJS" R="12"/>
      <Pty ID="123" R="17"/>
      <Pty ID="YYY" R="37"/>
    </RptSide>
  </TrdCaptRpt>
</FIXML>
```

...

## Criteria for Qualifying as an LS Spread Type

In order to specify the LS Spread Type, a spread must contain equal Eurodollar and SOFR Options legs, whose Underlying Futures share the same Contract Month and Year. Options contracts must share the same Contract Month and Year. Each ED +(-) leg must have an opposite SOFR +(-) leg with like quantities and associated Calls and Puts.

Example of Qualifying Spread Trades which can be marked with the LS Spread Type:

+1 ED Z22 97.00P vs. -1 SR3 Z22 97.375P

+1 ED H23 97.00C -2 ED H23 97.25C +1 ED H23 97.50C vs.  
-1 SR3 H23 97.125C +2 SR3 H23 97.375C -1 SR3 H23 97.625C

For further information, please contact:

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\*Subject to Regulatory Review