CME Group | Advisory Notice

TO: Clearing Member Firms; Back Office Managers; CME CORE Users; PC SPAN Software Users; Deployable Software Users

FROM: CME Clearing

DATE: March 13, 2023

ADVISORY #: 23-080

SUBJECT: **Clearing Member Registration for SPAN 2 Framework Migration Weekends**

In conjunction with CME Clearing's roll-out of the SPAN 2 framework for calculating performance bond requirements for energy products, clearing members can now choose to register for one of four migration weekends:
- July 21, 2023;
- August 11, 2023;
- August 25, 2023; or
- September 8, 2023.

Clearing members must prioritize their top two preferred weekends by communicating them to posttradeservices@cmegroup.com by **April 21, 2023.** CME will schedule each clearing member to a single migration weekend based on clearing member preference, vendor availability and demand. Any clearing members that do not communicate their preferred dates by April 21, 2023, will be assigned and scheduled a migration weekend by CME Clearing.

After reviewing clearing members' preferred migration dates, CME Clearing will finalize a migration schedule and communicate each clearing member's scheduled date to them by **May 26, 2023.**

Please note that between July 21 – September 8, 2023, both the SPAN and SPAN 2 frameworks will be active production margin models for energy products. Clearing members will be using either the SPAN or SPAN 2 margin frameworks during this time. Once a clearing member has been migrated to the SPAN 2 framework for energy products, they will remain on the SPAN 2 framework going forward for those products. Following the phase 1 migration, the SPAN framework will continue to be the active production margin model for products out of scope for phase 1.

Operational Considerations:
- Migration will take place before the end-of-day settlement cycle on the applicable Friday so that all margin reports and settlement requirements on the migration weekend will be based on the SPAN 2 framework for the clearing member's house and customer accounts.
- Clearing members requiring access to the SPAN 2 framework's risk parameter files or licensing of any CME Clearing margin services should complete these activities by April 21, 2023.
- Clearing members are encouraged to go live with their SPAN 2 framework margin engine solutions by either directly integrating with CME Clearing or with their service providers for the current SPAN framework by the end of June 2023, and complete all

necessary technology work and testing to achieve readiness for supporting the SPAN 2 framework. These requirements were previously announced in:

- o Advisory 21-534 covering testing availability: https://www.cmegroup.com/notices/clearing/2021/10/Chadv21-354.html and
- o Advisory 22-312 detailing the SPAN 2 multi-year schedule and testing details: https://www.cmegroup.com/notices/clearing/2022/08/Chadv22-312.html.

Clearing Member Migration Milestones for Phase 1 Energy Products:

- Next CME Clearing-hosted SPAN 2 Framework Working Group (ongoing): **March 24, 2023**
- Deadline for clearing members to register for their top two preferred weekends for migration to the SPAN 2 framework for energy products: **April 21, 2023**
- Deadline to set up secure FTP access to download SPAN 2 files (if required): **April 21, 2023**
- Deadline to license deployable margin software prior to launch of the SPAN 2 framework for energy prodcuts: **April 21, 2023**
- Deadline to set up access to the CME CORE API prior to launch of the SPAN 2 framework for energy prodcuts: **April 21, 2023**
- Finalized migration weekends for the SPAN 2 framework for energy products with each clearing member: **May 26, 2023**
- Recommended test completion date for migration to the SPAN 2 framework for energy products: **May 26, 2023**

Contact Details

Please reach out to the Post-Trade Services team at posttradeservices@cmegroup.com with any questions or to register for the SPAN 2 Framework Working Group.