Advisory Notice

Clearing House

SPAN 10-409

TO: Clearing Member Firms
               SPAN Users

FROM: CME Clearing

SUBJECT: Changes to Weighted Price Risk Calculation Method in CME SPAN files

DATE: September 28, 2010

Please be advised that effective **Friday, October 8th, 2010**, we are harmonizing the settings for the weighted price risk calculation method in CME's SPAN® files.

Currently, the method is set at **scanrange** (meaning set the weighted price risk to the price scan range) for most CBOT and CME products, **normal** for most NYMEX products, and **scanrange cap** (meaning calculate the weighted price risk normally but cap it at the price scan range) for the remainder.

With this change, this calculation method will be set to **scanrange cap** for all products except a few NYMEX products which participate in delta-based super-intercommodity spreads. For this separate set of products, the method will remain as **normal**:

> Crude: **CL, CS, WS, 26**
> RBOB: **RB, RT, RL, 27**
> Nat gas: **NG, NN, HP**
> Heating oil: **HO, MP, BH, 23**
> Brent: **BB, BZ, CY**
> Gasoil: **GX, BG, 7F**

We're providing this advisory just as a "heads up". No systems changes should be needed since clearing firm bookkeeping systems have long supported all three of these methods.

In the positional ("pa2") format SPAN files, you'll see the change in byte 83 on the type **"S"** record for each combined commodity, where **1** means **normal**, **2** means **scanrange cap**, and **3** means **scanrange**. For the layout of the type "S" record see: www.cme-ch.com/span/spanl31s.htm. In the XML-format SPAN files, the value is provided in the **wfprMeth** element within the **ccDef** element, with values of **NORMAL, SCANRANGE** or **SCANRANGE_CAP**.

Sample pa2-format SPAN files with these changes are being published daily at: ftp.cmegroup.com/pub/span/data/cme/testDev.

For more information, please contact CME Clearing at 312-648-3888.