



Advisory Notice

Clearing House

TO: Clearing Member Firms

ADVISORY #: 11-67

SUBJECT: **REVISED IMPORTANT**: Elimination of Strike Price Truncation

DATE: February 18, 2011

IMPORTANT UPDATE – March 23, 2011

This change has been cancelled and will be rescheduled for a future date. The change had a broader impact to bookkeeping systems than had been anticipated. For now, there will be no changes to strike price formats for Eurodollar options and the other products enumerated below.

In CME's positional-format SPAN files and settlement price files, there has long been a set of CME and CBOT option products where the strike price was truncated to fit into four decimal digits. This truncated strike price was the same format that was used in TREX messages.

For example, for CME Eurodollar options (product code **ED**), a strike price of 93.375 would be formatted in a seven-digit strike price field as **0009337**. The trailing digit was truncated, and programs which read the file needed to be smart enough to replace it. For CBOT Fed Funds options (product code **41**), a strike price of 99.3125 would be formatted as **9931**, with both trailing digits truncated.

Now that the switchover to FIXML is complete, and TREX has been retired, we are going to eliminate the strike price truncation in the SPAN files and settlement price files. **All** significant digits will be provided in **all** cases. The purpose of the change is to simplify processing for clearing firms.

For example, for Eurodollar options, which need **three** places to the right of the decimal point to display all digits, the above strike price will appear in the SPAN file as **00093375**. Currently, the trailing digit is truncated, and the strike price is formatted as **0009337**.

The SPAN strike price decimal locator will be correspondingly increased. On the type "P" (price conversion data) records in the SPAN file, the Eurodollar strike price decimal locator would appear as **3** instead of **2**.

“Production parallel” SPAN files which are precisely equivalent to the production SPAN files, except that the strike price truncation has been eliminated, are now available every day at: <ftp.cmegroup.com/pub/span/data/cme/test>

Sample settlement price files are available at <ftp.cmegroup.com/pub/settle/test> in the file **settle.test.zip**. This contains a sample settlement price file for CBT and another for CME, with real settlement price data for February 17: the two files are identical to the production files, except for the changes in strike price format.

The change will be phased in as follows:

On **Friday March 18**, the change will be implemented in the SPAN files and the settlement price files produced from the **New Release** testing environment.

On **Friday April 22**, the change will be implemented in the **production** SPAN files and settlement price files.

The affected products, and the associated change in strike price decimal locator, are as follows:

Exch	Product Codes	Strike Decimals (old value and new value)	
CBT	26	1->2	Two year notes
CME	ED	2->3	Eurodollars
CME	E0, E2, E5	2->3	Mid-curve Eurodollars
CME	E0T	2->3	Treasury matched Eurodollar midcurve
CME	1K thru 5K	2->3	Eurodollar weeklies
CME	EM	2->3	One month LIBOR
CME	EY	2->3	Euroyen
CME	MP	4->6	Mexican pesos
CME	1M thru 5M	4->6	Mexican peso weeklies