TO: SPAN PARAMETER FILE USERS

DATE: June 01, 2022

SUBJECT: XML VERSION OF SPAN PARAMETER FILES

OCC currently transmits SPAN parameter files to the CME FTP Listing site for the Cboe Futures Exchange (CFE) and the Small Exchange (SML). OCC has been producing and transmitting two versions of the CFE and SML SPAN parameter files – PA2 and XML, with the XML versions in a test mode. This memo serves as notice that testing is complete, and the XML versions may now officially be used for SPAN calculations.

OCC will continue to publish both formats of the files on the CME Listing FTP site.

The XML version of a parameter file that contains options-on-physical and futures in the same commodity code, such as the CFE file, can include settings for the Option Delta Method that are not available in the PA2 version. These settings allow PC-SPAN to provide netting of short and long delta between the options and futures within the same intra-spread tier.

The PA2 file will always return a more conservative result than XML for accounts that have option-on-physical and future positions in the same commodity code and identical results for accounts that do not have options. So, it is not necessary that systems be modified to begin using the XML version unless users of the files intend to take advantage of potentially lower intra-spread margin for portfolios that have offsetting option and future positions in the same intra-spread tier.

For questions regarding this memo, Clearing Members may contact Member Services at 1-800-544-6091 or, within Canada, at 1-800-424-7320, and email memberservices@theocc.com or pricingandmargins@theocc.com.