



## CME Group to Launch Next Generation of CME SPAN Margin Methodology

May 29, 2019

CHICAGO, May 29, 2019 /PRNewswire/ -- [CME Group](#), the world's leading and most diverse derivatives marketplace, today announced it will launch the next generation of its industry-leading Standard Portfolio Analysis of Risk (SPAN) margin framework – CME SPAN 2. The new framework is slated for testing in the second half of 2019 and, pending regulatory review and approval, roll out in the first half of 2020.

CME SPAN 2 will provide enhanced risk management capabilities in a single, unified interface by maintaining SPAN's current calculations and functions while incorporating several new modeling, reporting and margin replication enhancements. As with SPAN, CME SPAN 2 will continue to be based on a Value at Risk (HVaR) framework, using historical data to model how a position or portfolio may gain or lose value under various risk scenarios. CME SPAN 2 will enable implementation of granular and dynamic adjustments to margins at a product and portfolio level. In addition, CME SPAN 2 will provide enhanced reporting of margining into different risk factors such as market risk, liquidity and concentration.

"Incorporating insights gained from more than 30 years of market leadership, CME SPAN 2 provides unique enhancements that will streamline and standardize margin calculations across listed futures, options, and OTC products," said Sunil Cutinho, President, CME Clearing. "By modernizing our technology, expanding the breadth of risk factors that can be analyzed, and improving the overall user experience, CME SPAN 2 will deliver greater transparency and operational efficiencies to clearing members and end clients."

CME Clearing plans to launch CME SPAN 2 in a phased, multi-year approach and in compliance with its regulatory responsibilities, beginning with energy products. CME SPAN 2 will launch after extensive pre-launch testing that will provide CME's market participants the opportunity to perform comparative analysis relative to existing SPAN. The full rollout is expected to last up to four years, during which both SPAN and CME SPAN 2 will be available in parallel for end users.

SPAN was originally launched in 1988 to calculate margin requirements for a wide range of derivatives by analyzing the "what-ifs" of virtually any market scenario and is utilized by more than 50 exchanges, clearing organizations, service bureaus and regulatory agencies worldwide.

As the world's leading and most diverse derivatives marketplace, CME Group ([www.cmegroup.com](http://www.cmegroup.com)) enables clients to trade futures, options, cash and OTC markets, optimize portfolios, and analyze data – empowering market participants worldwide to efficiently manage risk and capture opportunities. CME Group exchanges offer the widest range of global benchmark products across all major asset classes based on [interest rates](#), [equity indexes](#), [foreign exchange](#), [energy](#), [agricultural products](#) and [metals](#). The company offers futures and options on futures trading through the [CME Globex®](#) platform, fixed income trading via BrokerTec and foreign exchange trading on the EBS platform. In addition, it operates one of the world's leading central counterparty clearing providers, CME Clearing. With a range of pre- and post-trade products and services underpinning the entire lifecycle of a trade, CME Group also offers optimization and reconciliation services through TriOptima, and trade processing services through Traiana.

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