Chicago Mercantile Exchange

Effective with the GLOBEX® session on Sunday evening on November 23 (trade date of November 24) CME will change the way the legs of calendar spreads will be reported in electronically traded equity futures contracts. The current pricing convention "anchors" the price of the spread's front leg to the most recent outright price and then computes the back leg price based on the spread's differential price. This often results in multiple leg prices assigned to the spread trade at the same differential because the underlying front month contract moved before all the spreads are executed. This makes it difficult to know the prices of the individual legs and difficult to allocate across multiple accounts. Going forward, any calendar spread that is traded will have the first leg of the spread anchored to the previous day's settlement price. For example, if the E-mini S&P 500 futures calendar spread trades at -1.50, the legs will be assigned using the previous day's settlement price in the December futures contract for the December – March calendar spread.

Example

You place an order for 1000 E-mini S&P 500 futures December – March calendar spreads at -1.50. The current price of the December futures contract is 1051.00.

December previous day's settlement price is 1050.00.

Your spread order for all 1000 is executed in three separate transactions at -1.50

All the legs will be assigned at 1050.00 for the December leg and 1048.50 for the March leg.

This will apply only for electronically traded equity futures calendar spreads and affects the following contracts:

E-mini S&P 500 futures
E-mini NASDAQ-100 futures
E-mini Russell 2000 futures
E-mini NASDAQ Composite futures
E-mini S&P MidCap 400 futures
S&P 500/BARRA Growth & Value futures
Russell 1000 futures
S&P SmallCap 600 futures
Technology & Financial SPCTR futures.

If you have any questions regarding this or about CME Equity Products, please call 312-930-8233.

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