

TO: Clearing Member Firms
 Chief Financial Officers
 Back Office Managers

FROM: CME Clearing

ADVISORY #: 20-320

SUBJECT: Transition Back to Whaley and Black 76 Options Pricing Methodology
 Effective Trade Date August 31, 2020

DATE: August 13, 2020

Further to [Clearing Advisory 20-171](#) dated April 21, 2020, CME Clearing will revert its options pricing and valuation methodology, currently based on the Bachelier model, effective for trade date on Monday, August 31, 2020. Products will transition from Bachelier back to Whaley or Black 76, depending on the product.

In summary, all CME Group products that were moved to Bachelier in anticipation of negative strikes or underlying prices will transition back to Whaley or Black 76, whichever they used before. The list of impacted products is below.

Should you have any questions, please contact CME Clearing Risk Management at Clearing.RiskManagement@cmegroup.com or 312-648-3888 or CME Clearing Pricing & Valuations at OTCPricing&ValuationsFnOTeam@cmegroup.com.

Product	Clearing Code
Light Sweet Crude Oil Futures	CL
Crude Oil Last Day Financial Futures	26
Argus WTI Formula Basis Calendar Month Futures	39
WTI BALMO Futures	42
Daily Crude Oil Option	CD
WTI Financial Futures	CS
Daily WTI Financial Futures	DCL
Light Sweet Crude Oil European Financial Option	LC
Light Sweet Crude Oil Option	LO
Crude Oil Weekly Options	LO1-LO5
E-mini Crude Oil Futures	QM
WTI Trade Month Futures	TCS
Argus WTI Trade Month Futures	V7
Crude Oil Bullet Futures	WS
LLS (Argus) Financial Futures	XA
WTI Houston Crude Oil Futures	HCL
WTI Houston Crude Oil Option	HCO
NY Harbor ULSD Futures	HO
NY Harbor ULSD Option	OH

NY Harbor ULSD Last Day Financial Futures	23
NY Harbor ULSD BALMO Futures	1G
NY Harbor ULSD Bullet Futures	BH
NY Harbor ULSD European Financial Option	LB
NY Harbor ULSD Financial Futures	MP
E-mini NY Harbor ULSD Futures	QH
Dubai Crude Oil (Platts) BALMO Futures	BI
Dubai Crude Oil (Platts) Financial Futures	DC
Argus Sour Crude Index (ASCI) Trade Month Swap Futures	29
Argus LLS Trade Month Swap	A4
WTS (Argus) Trade Month Swap	AY
WTI Houston (Argus) Financial Futures	HIA
WTI Houston (Argus) Trade Month Futures	HTA
WTI Houston Calendar Month Futures	HTC
WTI Houston Trade Month Futures	HTE
Mars Blend Crude Oil	MB
Mars (Argus) Trade Month Swap	MO
Mars (Argus) Calendar Swap	MX
WTI Midland (Argus) Trade Month Futures	WTI
WTS (Argus) Financial Futures	WTS
WTS (Argus) Calendar Swap	XB
RBOB Gasoline Futures	RB
RBOB Gasoline Last Day Financial Futures	27
RBOB Gasoline BALMO Futures	1D
RBOB Gasoline Option	OB
E-mini RBOB Gasoline Futures	QU
RBOB Gasoline European Financial Option	RF
RBOB Gasoline Financial Futures	RL
RBOB Gasoline Bullet Futures	RT
Brent Crude Oil Last Day Financial Futures	BZ
Brent Crude Oil Penultimate Financial Futures	BB
Brent Crude Oil European Financial Option	BE
Brent Crude Oil Futures-Style Margin Option	BZO
Brent Financial Futures	CY
Dated Brent (Platts) BALMO Futures	DBB
Brent Crude Oil BALMO Futures	J9
Mini Brent Financial Futures	MBC
Brent Weekly Option BW4	BW4
Brent Crude Oil Option	OS
Dutch TTF Natural Gas Futures-Style Margined Calendar Month Option	TFO
Dutch TTF Natural Gas Calendar Month Option	TTO
UK NBP Natural Gas Futures-Style Margined Calendar Month Option	UFO
UK NBP Natural Gas Calendar Month Option	UKO