

# Wheat

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## Regular-Sized Wheat

### Normal Daily Settlement

CME Group staff determines the daily settlements in CBOT Wheat (ZW) futures based on trading activity on CME Globex between 13:14:00 and 13:15:00 Central Time (CT), the settlement period.

#### Lead Month

The designated lead month\* is settled according to the following procedure:

**Tier 1:** The lead month settles to the volume-weighted average price (VWAP) of outright trades in the lead month between 13:14:00 and 13:15:00 Central Time CT, the settlement period, rounded to the nearest tradable tick. If the VWAP is equidistant between two ticks, then it's rounded to the tick that is closer to the prior-day's settlement price.

**Tier 2:** If there are no outright trades in the lead month during the settlement period, then the last trade price is checked against the current bid/ask.

1. If the last trade price is outside of the bid/ask spread, then the contract settles to the nearest bid or ask price.
2. If the last trade price is within the bid/ask spread or if a bid/ask is not available, then the contract settles to the last trade price.

**Tier 3:** If there is no last trade price available, then the prior settle is checked against the current bid/ask.

1. If the prior settle is outside of the bid/ask spread, then the contract settles to the nearest bid or ask price.
2. If the prior settle is within the bid/ask spread or if a bid/ask is not available, then the contract settles to the prior settlement price.

#### Deferred Months

Deferred contract months consist of all non-lead months and settle according to the following procedure:

**Tier 1:** All months other than the designated lead month will settle based upon the VWAP of calendar spread transactions between 13:14:00 - 13:15:00 CT, the settlement period.

**Tier 2:** In the absence of relevant calendar spread trades, bids and asks in those calendar spreads will be used in conjunction with settlements from any months where a settlement price has been determined to form an implied market in the contract month to be settled. These implied markets, along with the outright bid/ask market for the contract month, will be used to derive the best possible bid and the best possible ask. Provided that the implied bid/ask spread is consistent with reasonability thresholds for the product, as determined by the Global Command Center, the contract will settle at the midpoint of the implied bid/ask spread.

**Tier 3:** In the absence of an implied best bid/best ask that meets reasonability thresholds, the net change of the previous contract month will be applied to determine the contract month's settlement price. However, if a contract month is initially settled to the net change of the previous contract month and there are posted markets at 13:15:00 CT in one or more calendar spreads with that contract month as the nearby leg, then the settlement price will be adjusted on a subsequent iteration based upon the implied best bid/best ask of those calendar spreads, provided it is consistent with bid/ask reasonability thresholds.

**Tier 4:** If the settlement price in a deferred contract month created by using the "net change" method described above violates a bid or an ask in a calendar spread or in the deferred contract month itself that could otherwise be honored, the settlement price for that deferred contract month will be adjusted to honor that bid or ask. If not all spread bids or asks can be honored in this way, precedence will be given to the tightest bid/ask markets.



\*The designated lead month in each product will roll on the 12th business day of the calendar month that precedes the current lead month. For more information, please see [SER-7005](#).

#### Special Procedures

**Option Expiration Procedures:** On the last trading day of an expiring option series (except Weekly/Short-Dated options), the underlying futures contract month of that option series will follow the lead month settlement procedures guideline outlined above (even if it is considered a deferred month at that time).

Product	Maximum Spread Bid/Ask
Wheat (ZW)	20 Ticks

## Final Settlement Price Calculation for Expiring Contract

CME Group staff determines the final settlement price of the expiring CBOT Wheat (ZW) futures contract based on trading activity on CME Globex between 12:00:00 and 12:01:00 Central Time (CT), the settlement period, on the day of expiration.

**Tier 1:** If there is an outright trade during the settlement period (12:00:00-12:01:00 CT), then the final settlement is derived using a volume weighted average price (VWAP) of all trades executed during the settlement period.

**Tier 2:** If there are no outright trades in the expiring month, then the VWAP of the nearest spread (expiring and next consecutive month) between 12:00:00 and 12:01:00 CT, the settlement period, is used to derive a settlement in the expiring contract. The spread value that is calculated is applied to the *last trade* of the next consecutive month to settle the expiring contract accordingly.

**Tier 3:** If neither of the above scenarios applies, the settlement is based on the market (bid/ask) in the expiring and next consecutive month spread. The spread value is calculated using the midpoint of the bid/ask information, and is applied to the *last trade* of the consecutive month to settle the expiring contract accordingly.

**Tier 4:** If there are no outright trades, spread trades, or spread markets (bid/ask), then either a better bid or better ask will be considered.

**Tier 5:** If none of the above applies, then the previous day's settlement is used.

### Additional Details

CBOT Wheat (ZW) futures are physically delivered upon expiration. For additional details on delivery, please see the CBOT Rulebook (**Chapter 14**):

<http://www.cmegroup.com/rulebook/CBOT/II/14/14.pdf>

## Mini-Sized Wheat

### Normal Daily Settlement

The settlement in the CBOT Mini-Sized Wheat (XW) futures contract is derived directly from the settlement in the regular-sized CBOT Wheat (ZW) futures contract.

For Example:

If the ZW22 settles 872'4, then the settlement for the corresponding mini-sized contract, XWZ2, would also be 872'4.

### Final Settlement

The final settlement in the CBOT Mini-Sized Wheat (XW) futures contract is derived directly from the final settlement in the regular-sized CBOT Wheat (ZW) futures contract.

For example:

If the ZW22 settles 872'4, then the settlement for the corresponding mini-sized contract, XWZ2, would also be 872'4.

### Additional Details

CBOT Mini-Sized Wheat (XW) futures are physically delivered upon expiration. For additional details on delivery, please see the CBOT Rulebook (Chapter 14B).

### Limit Markets

If the lead month trades exclusively at its limit price or is locked limit during the closing period, and the contract settles at the limit price. In this event, the next listed contract that is not at limit will be used as the anchor price for determining the settlement prices of the other contracts; however, no contract will settle through its price limit and any contract that trades exclusively at its limit price or is locked limit during the closing period will settle at its limit price. When price limits are lifted on a spot month contract and the other months in that contract are locked limit, the spot month will settle based upon the outright activity in the spot month rather than on spread relationships.

If you have any questions, please call the [CME Global Command Center](#).

**Note:** In the event the aforementioned calculations described in this advisory cannot be made or if CME Group staff, in its sole discretion, determines that anomalous activity yields results that are not representative of the fair value of the contract, the staff may determine an alternative settlement price.