Aluminum

Normal Daily Settlement Procedure

COMEX Zinc (ZNC), Lead (LED) and Aluminum (ALI) futures are settled by CME Group staff based on trading activity on CME Globex during the settlement period. The settlement period is defined as: 11:30:00 to 12:00:00 Eastern Time (ET).

Lead Month

The lead month is the anchor month for settlements and will always be the third chronological month. For instance, if the October ZNC, ALI or LED contract is the spot (front chronological) month, then the December ZNC, ALI or LED contract would be the lead month. The lead month is settled based on market activity on CME Globex between 11:30:00 and 12:00:00 Eastern Time (ET) – the lead month settlement period.

Tier 1: The lead month settles to the volume-weighted average price (VWAP) of the outright between 11:30:00 and 12:00:00 Eastern Time (ET), 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 is no VWAP, then the last trade price is checked against the current bid/ask.

a. If the last trade price is outside of the bid/ask spread, then the contract settles to the nearest bid or ask price.

b. 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.

a. If the prior settle is outside of the bid/ask spread, then the contract settles to the nearest bid or ask price.

b. 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.

All Other 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 executed on Globex from 11:30:00 – 12:00:00 ET.

Tier 2: In the absence of relevant calendar spread trades, bids and offers 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 to be settled. These implied markets, along with the outright bid/ask market for the contract, will be used to derive the best possible bid and the best possible ask. Provided that 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's settlement price. However, if a contract is initially settled to the net change of the previous month and there are posted markets at 12:00 in one or more calendar spreads with that contract 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 month created by using the "net change" method described above violates a bid or an offer in a calendar spread or in the deferred month itself that could otherwise be honored, the settlement price for that deferred month will be adjusted to honor that bid or offer. If not all spread bids or offers can be honored in this way, precedence will be given to the tightest bid/ask markets.

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.