

E-mini Nasdaq Biotechnology Futures

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Normal Daily Settlement Procedure

Daily settlements of the CME Equity Index futures are determined by CME Group staff based on trading and market activity on CME Globex. These include: R2V, R2G, QCN, RS1, RSV, RSG, TRI, SG, SU, CTR, EMD, SMC, XFT, XAF, XAU, XAP, XAE, XAK, XAV, XAB, XAI, XAY, XAR, JR, BIO, IPO, SLP, FT1, FT5, EI, and FTU

Lead Month

The lead month is the anchor leg for settlements and is the contract expected to be the most active.

Tier 1: If the lead month contract trades on Globex between 14:59:30 and 15:00:00 Central Time (CT), the settlement period, then the lead month settles to the volume-weighted average price (VWAP) of the trade(s) during this period.

Tier 2: If no trades in the lead month occur on Globex between 14:59:30 and 15:00:00 CT, then the contract month settles to the midpoint of the Bid /Ask between 14:59:30 and 15:00:00 CT, the settlement period.

Tier 3: If a two-sided market is not available on Globex during the closing period, then the cash index will be used in the following Carry calculation to derive a settlement price.

Index price + [(Days to expiration/ 365) x Interest rate x Index price]-

Second Month

When the lead month is the expiry month, then the second month is defined as the calendar month immediately following the lead month. When the lead month is not the expiry month, then the second month is defined as the first expiring non-lead month.

Tier 1: If the lead month-second month spread trades on Globex between 14:59:30 and 15:00:00 CT, then the spread VWAP is calculated, rounded to the spread's nearest tradable tick and then applied to the lead month settle to derive the second month settle.

Tier 2: If there are no spread trades on Globex between 14:59:30 and 15:00:00 CT, then the last spread trade price is applied to the lead month settle to derive the second month settle.

If the last spread trade is outside of the spread's Bid/ Ask, then the bid or ask price that is closer to the last spread trade is applied to the lead month settle to derive the second month settle.

Tier 3: If there is no spread market information available on Globex, then the cash index will be used in the following Carry calculation to derive a settlement price.

Index price + [(Days to expiration/ 365) x Interest rate x Index price]-

Back Months

To derive settlements for all remaining months, the following Carry calculation will be used to derive a settlement prices provided that this value does not violate the bid or ask between 14:59:30 and 15:00:00 CT for the respective outrights.

Index price + [(Days to expiration/ 365) x Interest rate x Index price]-

Note

The Index Price used in the Carry calculation in this methodology, for futures that settle at a different time than their underlying Cash Equity Index, will be a 'Synthetic' Index price. This 'Synthetic' price will be derived by taking the Lead month futures contract minus the Cash Index at the cash close to calculate a Basis. At the futures settlement time, the Lead Month settlement minus the Basis will equal the 'Synthetic' Index price. The Interest Rate component used in the Carry calculation in this methodology is derived by subtracting expected dividends from a normalized interest rate curve.

Final Settlement

The Final Settlement Price shall be determined on the third Friday of the contract month or, if the Nasdaq Biotechnology Index is not scheduled to be published for that day, on the first earlier day for which the Index is scheduled to be published.

The final settlement price shall be a Special Opening Quotation of the Nasdaq Biotechnology Index to be determined by the Nasdaq Stock Market Inc. ("Nasdaq"). If the Nasdaq does not open on the day scheduled for the determination of the Final Settlement Price, then the Final Settlement Price shall be the Special Opening Quotation of the first subsequent day on which Nasdaq does open. The Special Opening Quotation of the Nasdaq Biotechnology Index shall be based on the Nasdaq Official Opening Price (NOOP) of Nasdaq Biotechnology Index stocks.

If a component stock in the index does not trade after 8:30 a.m. and before 3:00 p.m. on the day scheduled for determination of the Final Settlement Price while Nasdaq is open for trading, the price of that stock shall be determined, for the purposes of calculating the Final Settlement Price, based on the closing price of that stock on the preceding Trading Day. However, if the Exchange determines that there is a reasonable likelihood that trading in the stock shall occur shortly, the Exchange may instruct that the price of stock shall be based, for the purposes of calculating the Final Settlement Price, on the NOOP of the stock on the next day that it is traded on its primary market. Factors to be considered in determining whether trading in the stock is likely to occur shortly shall include the nature of the event and recent liquidity levels in the affected stock.

Additional Details

For information regarding the SOQ, please see the following links:

- [Understand the SOQ](#)
- [Retrieving the SOQ on expiration day](#)
- E-mini Nasdaq Biotechnology (BIO) futures are cash settled upon expiration. For additional details, please see the CME Rulebook (Chapter 360).

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.