

Natural Gas

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Natural Gas (NG) Futures Daily Settlement Procedure

Normal Daily Settlement Procedure

NYMEX Natural Gas (NG) futures are settled by CME Group staff based on trading activity on CME Globex during the settlement period. The settlement period is defined as: 14:28:00 to 14:30:00 ET

Active Month

The active month is the nearest of the contract months listed. The active month becomes a non-active month effective two business days prior to the spot month expiration. For example; if the spot month expires on a Friday the next listed contract will be considered the Active Month on the Wednesday prior to the spot month expiration. The procedure changes for the spot month's last three days of trading. Please see the end of this document for further details.

Tier 1: If a trade(s) occurs on Globex between 14:28:00 and 14:30:00 ET, the active month settles to the volume-weighted average price (VWAP), rounded to the nearest tradable tick.

Tier 2: If there is no VWAP, then the last trade price is checked against the 14:30 ET 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.

All Remaining Months

All Remaining Months other than the designated active month will settle per the following guidelines:

Tier 1: All Remaining Months other than the designated active month will settle based upon the VWAP of accumulated calendar spread transactions between 14:28:00 to 14:30:00 ET, the calendar spread settlement period. Volume in each spread will be divided by the number of months separating leg 1 and leg 2 of the spread and will be used in conjunction with settlements from any months where a settlement price has been determined to form a VWAP in the contract month to be settled. i.e. a G9-H9 spread would be divided by 1. a F9-H9 spread would be divided by 2 and a H8-H9 spread would be divided by 12. For examples please click [here](#).

Tier 2: In the absence of relevant calendar spread trades, bid/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 will be used to derive the best possible bid and the best possible ask. Provided the implied bid/ask spread is consistent with reasonability thresholds as determined by the Global Command Center (GCC), the contract will settle within the implied bid/ask spread. Note- Efforts will be made to honor relevant resting bids and asks, but VWAP trades will take precedence.

Tier 3: In the absence of an implied bid/ask that meets reasonability thresholds, the net change of the previous contract month will be applied to determine the contract month's settlement price.

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Spot (expiring) Month Settlements on the Last Three Trading Days

On the two days before the spot month contract expires, the spot and second months settle to the VWAP of the outright CME Globex trades executed between 14:28:00 and 14:30:00 ET, the settlement period, rounded to the nearest tradable tick. The remainder of the curve will settle based on the same procedures mentioned above.

On the day of expiration, the spot (expiring) month will settle based on the VWAP of the outright CME Globex trades executed between 14:00:00 and 14:30:00 ET, and the second month will settle based on the VWAP of the outright CME Globex trades executed between 14:28:00 and 14:30:00 ET. The remainder of the curve will settle based on the same procedures mentioned above.

In the absence of outright or spread trades during this period, the settlement price will be the best bid or best ask in the expiring contract at 14:30:00 ET, whichever is closer to the last trade price. If there is not a bid/ask pair in the expiring contract at that time, the settlement price will be the best bid or ask implied by the bid/ask in the spread between the front (expiring) and second month contracts at 14:30:00 ET, whichever is closer to the last outright trade price in the front (expiring) contract.

Only bids and asks that remain active through expiration at 14:30:00 ET will be considered in these calculations. In the event there is insufficient activity to make the aforementioned calculations, staff may rely on earlier data or other available market information to determine an appropriate settlement price.

Henry Hub Natural Gas Look-A-Likes

Henry Hub Natural Gas Daily Settlement Procedure

The settlements in the Henry Hub Natural Gas Look-Alike Last-Day Financial (HH), Henry Hub Natural Gas Look-Alike Penultimate Financial (HP), the Henry Hub Natural Gas Swap (NN), and the Henry Hub Natural Gas Penultimate Financial (NPG) futures contracts are equal to the settlement of the corresponding Natural Gas (NG) contract.

Henry Hub Natural Gas Final Settlement Procedure (HH)

The final settlement in the expiring Henry Hub Natural Gas Look-Alike Last Day Financial (HH) futures contract is derived directly from the final settlement in the regular NG futures contract. This procedure can be found below.

Additional Details

Henry Hub Natural Gas Look-Alike Last Day Financial (HH) futures are cash settled upon expiration. For additional details, please see the NYMEX Rulebook (Chapter 823):

<http://www.cmegroup.com/rulebook/NYMEX/8/823.pdf>

NYMEX Henry Hub Natural Gas Look-Alike Penultimate Financial Futures Final Settlement Procedure (HP)

CME Group staff determines the settlement of the expiring Henry Hub Natural Gas Look-Alike Penultimate Financial (HP) futures contract by following the regular daily settlement procedure. This procedure can be found below.

Additional Details

Henry Hub Natural Gas Penultimate Financial (HP) futures are cash settled upon expiration. For additional details, please see the NYMEX Rulebook (Chapter 824):

<http://www.cmegroup.com/rulebook/NYMEX/8/824.pdf>

NYMEX Henry Hub Natural Gas Last Day Financial Futures Final Settlement Procedure (NN/NNE)

The final settlement in the expiring Henry Hub Natural Gas Last Day Financial (NN/NNE) futures contract is derived directly from the final settlement in the regular NG futures contract. This procedure can be found below.

Additional Details

Henry Hub Natural Gas Last Day Financial (NN) futures are cash settled upon expiration. For additional details, please see the NYMEX Rulebook (Chapter 508):

<http://www.cmegroup.com/rulebook/NYMEX/5/508.pdf>

NYMEX Henry Hub Natural Gas Penultimate Financial Futures Final Settlement Procedure (NPG)

CME Group staff determines the settlement of the expiring Henry Hub Natural Gas Penultimate Financial (NPG) futures contract by following the regular daily settlement procedure. This procedure can be found below.

Additional Details

Henry Hub Natural Gas Penultimate Financial (NPG) futures are cash settled upon expiration. For additional details, please see the NYMEX Rulebook (Chapter 529):

<http://www.cmegroup.com/rulebook/NYMEX/5/508.pdf>

NYMEX E-Mini Natural Gas Futures

Normal Daily Settlement

The settlements in the E-Mini Natural Gas (QG) futures contracts are derived directly from the settlements of the regular sized Natural Gas (NG) contracts, rounded to the nearest tradable tick.

Example

If the NGU2 settles 3.052, then the value of the QGU2 would settle 3.050.

Final Settlement

CME Group staff determines the settlement of the expiring E-Mini Natural Gas (QG) contract by following the regular daily settlement procedure.

Additional Details

E-Mini Natural Gas (QG) futures are cash settled upon expiration. For additional details, please see the NYMEX Rulebook (Rule 402.07).

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.