

# Grains

Grain products include the following:



Settlement information for mini-sized contracts is included with the corresponding regular-sized contract.

## Normal Daily Settlement for Grains

CME Group staff determines the daily settlements in CBOT Corn (ZC), Wheat (ZW), Rice (ZR), Oats (ZO), Soybean (ZS), Soybean Meal (ZM), Soybean Oil (ZL) and KC HRW Wheat (KE) 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.

Product	Maximum Spread Bid/Ask
Corn (ZC)	12 Ticks
Wheat (ZW)	20 Ticks
Rice (ZR)	40 Ticks
Oats (ZO)	40 Ticks
Soybeans (ZS)	20 Ticks
Soybean Meal (ZM)	30 Ticks

Soybean Oil (ZL)	30 Ticks
KC HRW Wheat (KE)	20 Ticks



\*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).

**Advisories**

SER-6617	SER Advisories	Agriculture Advisories	<a href="#">Changes in Trading Hours for CBOT Grain and Oilseed and KCBT Markets</a>	04/01 /2013
SER-6245R	Advisory Notices/SER Advisories	Market Regulation Advisories/ Agriculture Advisories/Market Reg SER	<a href="#">New Settlement Methodology for CBOT Agricultural Futures</a>	06/08 /2012

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.