

Reduced Tick Spread Instruments

Reduced Tick Spread (RTS) instruments are spreads that trade at a smaller tick from that of their component outright legs. These instruments are traded in a separate RTS market.

See video below for a presentation on RTS:



Single Line Entry of Differential Spreads (SLEDS) for Calendar Futures

All Agriculture and Treasury [Futures Calendar Spreads](#) are SLEDS eligible, except those identified below. CME Globex applies trading conventions and leg price assignments as described below.

RTS Calendar Futures Trading Convention

- Listed in the order of Leg1 = Nearby Month and Leg2 = Deferred Month
- Entering a Bid = Buy Leg1 and Sell Leg2

RTS Exceptions

CME Globex applies different trading conventions and leg price assignments from those described above for the following products:

- \$25 Dow Futures
- \$10 Dow Futures
- \$5 Dow Futures
- Dow Jones Real Estate Index Futures
- KCBT Value Line Stock Index Futures

Trading Convention

- Listed in the order of Leg1 = Nearby Month and Leg2 = Deferred Month
- Entering a Bid = Sell Leg1 and Buy Leg2

Reduced Tick Ratio Calendar Spread

The Ratio RTS is a reduced tick calendar spread with the usual quarter-32nd tick, but with a leg ratio of 3:2. The details of the spread are included in the Security Definition message as defined below.

Product	iLink: tag 1151-Security Group MDP 3.0: tag 6937-Asset	iLink: tag 55-Symbol MDP 3.0 tag 1151 - Security Group	Tag 762-SecuritySubType	Tag 623-LeqRatioQty
Treasury Bond Reduced-Tick Ratio Calendar Spread	ZBXH5-ZBXM5	ZB	RT	Front Leg: 3 Back Leg: 2

This spread is **not** implied is **not** SLEDS eligible.

The ratio spread is listed alongside the current Reduced Tick calendar spread. Trade leg assignment and spread pricing differences are outlined in the following scenarios:

- ZBH5 is priced at 150.0 (1500)
- ZBM5 is priced at 165.0 (1650)
- The Reduced Tick calendar spread ZBH5-ZBM5 trades at -15.0 (-15000)
- Front leg – deferred leg
- $(150.0 - 165.0) = -15.0$
- The Reduced-Tick Ratio calendar spread ZBXH5-ZBXM5 trades at 120.0 (120000)
- $(\text{Front leg} \times 3) - (\text{deferred leg} \times 2)$
- $((150.0 \times 3) - (165.0 \times 2)) = 120.0$