

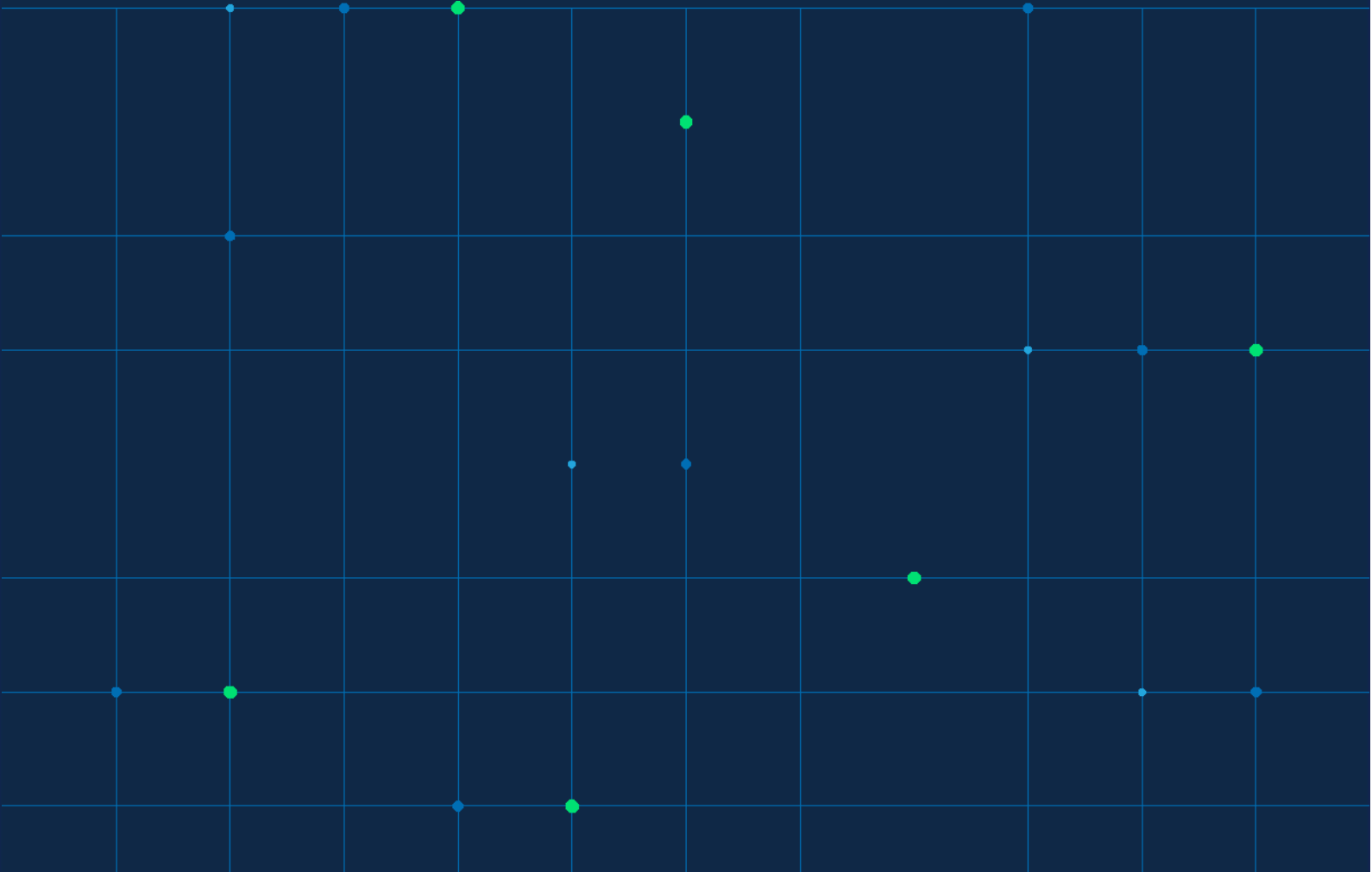
CME Soybean Oilshare Index Methodology

(COSI)

CME Group Benchmark Administration Limited

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Version Control

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Contents

1. Introduction	4
1.1. CME Group and CME Group Benchmark Administration Limited	4
2. CME Soybean Oilshare Index	5
2.1. Introduction	5
3. Input Data	5
3.1. Input Data Specifications	5
3.2. Input Data Selection	5
3.3. Use of Expert Judgement	6
4. Calculation of the CME Soybean Oilshare Index	7
4.1. Calculation Methodology	7
4.2. Unavailability of Input Data	7
5. Publication and Error Policy	8
5.1. Benchmark Publication	8
5.2. Error Policy	8
5.3. Publication Alerts	8
5.4. Consultations and Notices	8
6. Governance	9
6.1. Oversight Committee	9
6.2. Review of the Methodology	9
6.3. Consultation Process	9
6.4. Cessation	10
6.5. Records Retention	10
6.6. Auditing	10
6.7. Data Licensing and Distribution	10
6.8. Complaints Procedure	10
Appendix I – Key Terms & Definitions	11
Appendix II – ESG Disclosures	12

1. Introduction

1.1. CME Group and CME Group Benchmark Administration Limited

As a leading and diverse derivatives market operator, CME Group is the parent of four U.S.-based designated contract markets (DCMs): Chicago Mercantile Exchange Inc. (CME), Board of Trade of the City of Chicago, Inc. (CBOT), New York Mercantile Exchange, Inc. (NYMEX), and the Commodity Exchange, Inc. (COMEX) (collectively, the “CME Group Exchanges”). These exchanges offer a wide range of products available across all major asset classes, including futures and options based on interest rates, equity indexes, foreign exchange, energy, metals, and agricultural commodities.

CME Group Benchmark Administration Limited (CBA or the Administrator) capitalises on CME Group’s wealth of electronic transaction-based data in the calculation of its indices and benchmarks. CBA is authorised and regulated by the UK Financial Conduct Authority (FCA), for the administration of the CME Soybean Oilshare Index, a family of nine indices with designation COSI1, COSI2, COSI3, COSI4, COSI5, COSI6, COSI7, COSI8, and COSI9 (each an Index). The CME Soybean Oilshare Index is a benchmark, designed on the basis of industry best practices and the IOSCO Principles for Financial Benchmarks.

The CME Soybean Oilshare Index is available to licence for use as a benchmark under the UK Benchmark Regulation (BMR)¹.

CBA is the Benchmark Administrator of the CME Soybean Oilshare Index, with Chicago Mercantile Exchange Inc. (CME Inc.) providing calculation agent and distribution services.

¹ <https://www.fca.org.uk/markets/benchmarks/regulation>

2. CME Soybean Oilshare Index

2.1. Introduction

The objective of the CME Soybean Oilshare Index is to be a measure of soybean oil's relative value compared to soybean meal and is measured as Soybean Oil's share of output relative to Soybean Meal when crushing Soybeans. This index is calculated by normalising prices calculating the ratio of the result².

Soybean crushing is the process of crushing whole soybeans and producing soybean meal and soybean oil. Soybean meal is used as a high-protein animal feed while soybean oil is a vegetable oil used in various food, fuel, and industrial applications. Since both soybean oil and soybean meal are outputs from the soybean crush, many market participants evaluate soybean oil prices relative to soybean meal prices.

Comparing soybean oil and soybean meal prices is difficult because Soybean Oil futures are priced as cents per pound while Soybean Meal futures are priced as dollars per short ton. To overcome this difficulty, the industry evaluates Soybean Oil futures prices as a percentage of the soybean crush margin, which is the revenue received from selling both soybean oil and soybean meal. That is, the relationship between Soybean Oil futures and Soybean Meal futures is measured as soybean oil's share of soybean crush margin, (i.e., oilshare).

3. Input Data

3.1. Input Data Specifications

The CME Soybean Oilshare Index Methodology uses the settlement values of the front nine pairs of futures contracts for both Soybean Oil Futures and Soybean Meal Futures. These futures contracts are traded on CME Group's Chicago Board of Exchange (CBOT) Designated Contract Market (DCM).

3.2. Input Data Selection

The CME Soybean Oilshare Index is a family of nine indices that use the front nine pairs of Soybean Oil and Soybean Meal futures contracts. Soybean Oil Futures have Clearing Symbol 07 and Globex Code ZL and Soybean Meal Futures have Clearing Symbol 06 and Globex Code ZM.

The roll of the set of futures used as part of the benchmark calculation occurs the day after the next available designated First Position date of the second contract month. For example, the futures contracts used in the calculation for trade date November 26, 2024 for COSI1 and COSI2 would be 07Z24/06Z24 and 07F25/06F25 respectively. The First Position date of the December Soybean Oil and Soybean Meal contracts is November 27, 2024. So, on November 28, 2024 (i.e. the day after the First Position date of the next available contract), the contracts used for COSI1 and COSI2 would be 07F25/06F25 and 07H25/06H25 respectively.

² CME Group: [What is Oil Share?](#)

3.3. Use of Expert Judgement

Expert judgement is not used in the ordinary day to day determination of CME Soybean Oilshare Index. The benchmark calculation methodology is rules-based and designed to consistently produce robust and reliable values which do not rely on expert judgement. However, CBA, in its capacity as Administrator of the CME Soybean Oilshare Index, may exercise such expert judgement under unforeseen and extraordinary circumstances when deemed necessary to maintain the integrity, accuracy and reliability of the benchmark. These circumstances can include, but are not limited to: index restatements, periods of market stress or disruptions, or periods where data sources may be absent or become unreliable. Where such circumstances arise, a notice will be published on the [CBA Notice Page](#).

The elements of the calculation of the benchmark in relation to which expert judgement may be exercised, can include, but are not restricted to, the following: (i) excluding certain input data from the calculation; (ii) adjusting/varying any component of the benchmark calculation; or (iii) delaying/estimating the value of input data.

Any exercise of expert judgement by the Administrator can only be carried out by suitably experienced, qualified staff members who have the authority to exercise such judgement as part of their function. The exercise of expert judgement by the Administrator will be reported to the relevant Oversight Committee to ensure that it has been applied consistently and in accordance with the applicable benchmark administration standards and benchmark methodology. The Administrator will retain all internal records detailing the use of expert judgement and the rationale for its use to allow for any ex-post review.

4. Calculation of the CME Soybean Oilshare Index

4.1. Calculation Methodology

The CME Soybean Oilshare Index is calculated as per the below formula, rounded to the nearest 0.0025:

$$OSI_t^i = 100 \times \frac{0.11 \times SoybeanOil_t^i}{0.11 \times SoybeanOil_t^i + 0.022 \times SoybeanMeal_t^i}$$

Where:

OSI_t^i : Oilshare Index level for the tenor i on day t

$SoybeanOil_t^i$: Soybean Oil Futures reference price for the tenor i on day t

$SoybeanMeal_t^i$: Soybean Meal Futures reference price for the tenor i on day t

$i = 1, 2, \dots, 9$: represents the tenor used (1 being the nearest contract)

4.2. Unavailability of Input Data

If the futures settlement prices are unavailable for use in the calculation, the Administrator will re-publish the prior day's Index level.

In the event that the previous day CME Soybean Oilshare Index is republished for more than 3 (three) consecutive Business Days, the Administrator must promptly convene the Oversight Committee to assess available remedial actions.

5. Publication and Error Policy

5.1. Benchmark Publication

The CME Soybean Oilshare Index is calculated at 1:30 PM CT and published each Business Day by 2:30 PM CT.

The CME Soybean Oilshare Index is calculated and published to four (4) decimal places, rounded to the nearest 0.0025 increment.

The CME Soybean Oilshare Index is calculated each Business Day, in accordance with the [CME Globex Trading Schedule](#). In addition, CBA may, with notification to the market, choose not to publish the CME Soybean Oilshare Index on any given Business Day.

The CME Soybean Oilshare Index is published on the CME Group website and on licensed data vendor platforms.

5.2. Error Policy

If the Administrator identifies an incorrect publication prior to the publication of the next day's rate, the CME Soybean Oilshare Index will be republished if the error is greater than 1%. In the event that there is an error in the publication that requires a re-publication of the rate, users will be informed via the CME Globex system utilising the [GCC System Alerts](#).

5.3. Publication Alerts

In the event of disruptions to the standard CME Soybean Oilshare Index publication process, CBA, where it deems necessary, will release publication alerts with respect to issues impacting the availability of the Index. Publication alerts will be made available via the CME Globex system utilising the [GCC System Alerts](#).

5.4. Consultations and Notices

CBA will inform the users and stakeholders of any announcements relating to republication, restatements or consultations via the [CBA Notice Page](#).

In addition, CBA may, at its discretion, release information notices with respect to issues impacting the availability of the CME Soybean Oilshare Index, via the [CBA Notice Page](#).

6. Governance

The Administrator operates under a comprehensive Risk and Control Framework, providing clear policies on Governance, Oversight, Benchmark Design and Calculation, Outsourcing, Operations, Reporting of Infringements and Business Continuity.

CBA has in place a "Three Lines of Defence" model, enabling close cross-monitoring of the governance process - this being business, compliance and audit who all have a key role in ensuring that CBA meets its regulatory requirements.

6.1. Oversight Committee

An Oversight Committee is appointed by the Administrator to review the integrity of the benchmark, in accordance with the CBA Terms of Reference for Oversight Committees.

The Oversight Committee will provide independent oversight of, and challenge to the Administrator on all aspects of the Benchmark determination process. The Oversight Committee will escalate to the CBA Board if required.

6.2. Review of the Methodology

The Administrator constantly monitors the Benchmark Methodology and its consistency with the stated objectives. The Benchmark Methodology is reviewed and approved annually by the Administrator and is reviewed annually by the Oversight Committee.

The Oversight Committee reviews proposed material changes to the Benchmark Methodology including, but not limited to, the structure of the Benchmark, input data used and all aspects of the Calculation Methodology.

The Oversight Committee may direct the Administrator to consult on any changes to the methodology with stakeholders and the wider market.

6.3. Consultation Process

Where material changes to the Benchmark become necessary, the Administrator will engage stakeholders and users by way of a public consultation.

The Oversight Committee may also direct the Administrator to consult with stakeholders.

Changes to the Methodology are deemed material on the basis of an assessment conducted by the Administrator and submitted to the Oversight Committee for advice and feedback.

The Administrator will publish notice of the consultation on its website, inviting feedback from stakeholders and the wider market. When reasonably possible, notice of a consultation will be posted at least 1 (one) month prior to the deadline for responses. The notice will include the details of the proposed material change, the timeline and the rationale for the change.

Findings of the consultation process and proposed changes to the Benchmark Methodology, recommended as a result of the consultation, will be presented by the Administrator to the Oversight Committee for its consideration.

Feedback to a consultation is considered confidential, however the Administrator will publish an anonymized summary with its conclusions, as soon as is practicable, but before implementation of any changes.

6.4. Cessation

The Administrator constantly monitors the representativeness of the Benchmark. If the Benchmark is deemed to be unrepresentative of the underlying economic reality due to paucity of input data or systemic changes in the related markets, the Administrator will engage the Oversight Committee at the earliest opportunity. These cessation arrangements are designed to mitigate cessation and transition risks.

The Oversight Committee is responsible for reviewing and approving procedures for cessation of the benchmark, to the extent required under BMR, based on the type, complexity, use and vulnerability of the benchmark.

The Oversight Committee may direct the Administrator to consult with stakeholders as described in the [Consultation Process](#) section.

As a last resort, if no alternative arrangements are feasible, the Oversight Committee may advise the Administrator to discontinue the Benchmark, providing stakeholders a reasonably adequate advance notice and assistance to explore alternative reference instruments.

The Administrator will endeavour to identify alternative benchmarks; however, this might not always be possible due to regulations, market conditions or a lack of suitable alternatives.

Users of the Benchmark are recommended to ensure that they have adequate fallback policies and procedures in the event of the Benchmark becoming unrepresentative of its economic interest.

6.5. Records Retention

The Administrator has in place policies for the retention of any relevant evidence and documentation related to the determination and dissemination of the Benchmark, either in paper or in electronic format, for at least the mandatory term of 5 (five) years.

6.6. Auditing

An internal audit process will be undertaken regularly, to ensure adherence to the stated Methodology, the IOSCO principles and regulatory requirements.

6.7. Data Licensing and Distribution

The Benchmark is made available subject to execution of an Information License Agreement (ILA) with CME Inc. together with the appropriate Schedules. Market participants that intend to subscribe to the Benchmark should contact the Administrator at the following email address: CMEDataSales@cmegroup.com.

6.8. Complaints Procedure

The [CME Group EMEA / APAC Complaints Procedure](#) sets out details on the management of customer complaints to ensure that they are handled fairly and effectively, in a prompt and transparent manner and in accordance with applicable regulatory requirements.



Complaints will be dealt with by a senior member of staff not directly involved with the benchmark calculation and dissemination. Information related to complaints will be stored in a restricted access area and kept for a period of at least 5 (five) years following the date when the complaint was first lodged. Complaints can be submitted at internationalcompliance@cmegroup.com

Appendix I – Key Terms & Definitions

TERM	DESCRIPTION
Administrator	CME Group Benchmark Administration Limited
BMR	UK Benchmark Regulation
Business Day	Business Day in accordance with the CME Globex Trading Schedule
CBA	CME Group Benchmark Administration Limited
DCM	Designated Contract Market
FCA UK	Financial Conduct Authority (UK)
IOSCO	International Organization of Securities Commissions
COSI1 - COSI9	CME Soybean Oilshare Index
CBOT	Chicago Board of Exchange (DCM of CME Group)

Appendix II – ESG Disclosures

Explanation of how ESG Factors are Reflected in the Key Elements of the Benchmark Methodology		
Item 1	Name of the benchmark administrator.	CME Group Benchmark Administration Limited
Item 2	Type of benchmark or family of benchmarks.	Other
Item 3	Name of the benchmark or family of benchmarks.	CME Soybean Oilshare Index
Item 4	Does the benchmark methodology for the bench mark or family of benchmarks take into account ESG factors?	No

