



## Special Executive Report

---

**DATE:** April 11, 2018

**SER#:** 8105

**SUBJECT:** Amendments to the Daily Settlement Procedures for the 30-Day Federal Funds Futures Contract

Effective Sunday, April 29, 2018 for trade date Monday, April 30, 2018, and pending all relevant CFTC regulatory review periods, The Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange") will amend the daily settlement procedures for the 30-Day Federal Funds Futures contract ("Contract") as indicated below:

<b>Contract Title</b>	<b>CME Globex Code</b>	<b>CME ClearPort/Clearing Code</b>	<b>Rulebook Chapter</b>
30-Day Federal Funds Futures	ZQ	41	22

The Exchange is amending the daily settlement procedures document for the Contract to incorporate activity in the spread markets into the settlement price. The amendments will utilize the Contract's bid/ask activity of both outright and spread markets in an optimized routine that will determine the settlement price. This change will provide a more holistic view of the Contract by incorporating bid/ask activity in spread markets into the final price determination.

The current and amended daily settlement procedure documents can be viewed in Appendix A.

Inquiries regarding the aforementioned may be directed to the CME Group Global Command Center at 312.456.2391. Questions regarding this Special Executive Report may be directed to the CME Global Command Center at 800.438.8616, in Europe at 44.800.898.013, in Asia at 65.6532.5010, or [GCC@cmegroup.com](mailto:GCC@cmegroup.com).

## Appendix A

### 30-Day Fed Fund Futures Daily Settlement Procedure

#### Normal Daily Settlement Procedure

~~CBOT 30-Day Fed Fund futures (ZQ) are settled by CME Group staff based on trading and market activity on CME Globex between 13:59:00 and 14:00:00 Central Time (CT), the settlement period.~~

CME Group staff determines the daily settlement of 30-Day Fed Fund (ZQ) futures based on the market activity on CME Globex.

#### ~~Tier 1: Trades on CME Globex~~

~~All contract months settle to the volume-weighted average price (VWAP) of outright trades between 13:59:00 and 14:00:00 CT, the settlement period, rounded to the nearest tradable tick. If the VWAP is equidistant between two ticks, then it's rounded towards the prior day settlement price.~~

#### ~~Tier 2: CME Globex Market Data~~

~~In the absence of trades during the closing range, the contract month settles to the midpoint of the Low Bid/High Ask of the closing range between 13:59:00 and 14:00:00 CT, the settlement period.~~

#### ~~Tier 3: Absence of Two Sided Markets~~

~~If there are no two sided markets available during the closing range in a particular contract month, then the settlement price will be the last trade price (or prior settle in the absence of a last trade price) — adjusted to the Low Bid/High Ask if one side is present.~~

#### Front 12 Contracts

The first 12 contract months (ZQ) settle based upon the bid/ask activity of both outright and spread markets on Globex between 13:59:00 and 14:00:00 CT. An optimization routine will run to find a set of prices that fall within the bid/offer market in the outright contracts and certain spreads. Spreads to be in this settlement procedure are 1-month calendar spreads, 2-month calendar spreads, 3-month calendar spreads, 6-month calendar spreads and 1-month butterfly spreads. In all cases, the solution that accommodates the most spread bids and asks will be chosen.

#### Remaining 24 Contracts

The remaining 24 deferred monthly contracts will be settled using bids and asks in calendar spreads and butterfly instruments in conjunction with settlements from any months where a settlement price has been determined to form an implied market in the contract to be settled. These implied markets, along with the outright bid/ask market for the contract, will be used to derive the best possible bid and the best possible ask. If there are multiple prices that are eligible between this best possible bid and the best possible ask, the price will be chosen that sets the net change as close to the net change of the contract that precedes it in the settlement order

**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.

If you have any questions, please call the CME Global Command Center at +1 800 438 8616, in Europe at +44 800 898 013 or in Asia at +65 6532 5010.