



Special Executive Report

DATE: May 26, 2022
SER#: 8993
SUBJECT: Amendments to the Daily Settlement Procedure Document for Four (4) Steel Futures Contracts

Effective Sunday, June 12, 2022, for trade date Monday, June 13, 2022, and pending all relevant CFTC regulatory review periods, Commodity Exchange, Inc. ("COMEX" or "Exchange") will amend the Daily Settlement Procedure document (the "Document") in connection with four (4) steel futures contracts listed in the table below (the "Contracts").

Contract Title	Rulebook Chapter	CME ClearPort Code	CME Globex Code
U.S. Midwest Domestic Hot-Rolled Coil Steel (CRU) Index Futures	920	HR	HRC
U.S. Midwest Busheling Ferrous Scrap (AMM) Futures	601	BUS	BUS
U.S. Midwest Domestic Steel Premium (CRU) Futures	969	HDG	HDG
North European Hot-Rolled Coil Steel (Argus) Futures	971	EHR	EHR

Currently, the Document provides the daily settlement methodology for the U.S. Midwest Hot-Rolled Coil Steel (CRU) Index Futures contract. The Exchange is amending the Document to standardize the methodology and increase transparency and clarity of the daily settlement process for the contract. As a result of enhanced trading activity in the U.S. Midwest Bushing Ferrous Scrap (AMM) Futures, U.S. Midwest Domestic Steel Premium (CRU) Futures, and North European Hot-Rolled Coil Steel (Argus) Futures contracts, COMEX is further amending the Document to include these contracts. The Exchange believes that a tiered process utilizing a value-weighted average price ("VWAP") mechanism for daily settlement is appropriate at this time (collectively, the "Rule Amendments").

Exhibit A and Exhibit B provide the current and revised Document, respectively in blackline format.

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

Exhibit A

Current Daily Settlement Procedure Document

(deletions struck through)

U.S. Midwest Domestic Hot-Rolled Coil Steel

U.S. Midwest Domestic Hot-Rolled Coil Steel (CRU) Index Futures Daily Settlement Procedure

Normal Daily Settlement

~~CME Group staff determines the daily settlement of the U.S. Midwest Domestic Hot-Rolled Coil Steel Index futures (HRC) based on market information that may include (but is not limited to) the following:~~

- ~~1. Resting bids and asks on CME Globex with consideration given to trades executed on Globex throughout the day.~~
- ~~2. Price data obtained from a cross section of the OTC brokers collectively representing buyers and sellers in the OTC markets.~~
- ~~3. Price data obtained from OTC market participants.~~
- ~~4. Price data from other sources deemed reliable and accurate~~

Exhibit B

Amended Daily Settlement Procedure Document

(additions are underscored)

Normal Daily Settlement Procedure

CME Group staff determines the daily settlements for U.S. Midwest Domestic Hot-Rolled Coil Steel (CRU) Index Futures (HRC), U.S. Midwest Busheling Ferrous Scrap (AMM) Futures (BUS), U.S. Midwest Domestic Steel Premium (CRU) Futures (HDG) and North European Hot-Rolled Coil Steel (Argus) Futures (EHR) based on outright trading activity on CME Globex (Globex) and CME ClearPort (CPC) between 12:30:00 and 13:00:00 Central Time (CT), the settlement period.

Tier 1: If there are outright trades in a given contract month on Globex or CPC during the respective settlement period, then that month settles to the volume-weighted average price (VWAP) of the trade(s) during this period.

Tier 2: If no trades in a given contract month occur during the respective settlement period, then the contract month settles to the last trade on either Globex or CPC that occurred between 04:00:00 and 12:30:00 CT. If the last trade is below a Globex bid or above a Globex ask that is active at the end of the respective settlement period, the settle will be adjusted to the Globex bid or Globex ask.

Tier 3: If no trades occur between 04:00:00 and 13:00:00 CT and there is a Globex bid higher than the previous days settlement price or a Globex ask that is lower than the previous days settlement price, the settle will be adjusted to the Globex bid or Globex ask. If the previous days settlement is between the Globex bid/ask at the end of the respective settlement period, that contract months settle will be adjusted to the net change of the previous listed contract month. If the resulting settlement from the previous listed contract month's net change is below a Globex bid or above a Globex ask that is active at the end of the respective settlement period, the settle will be adjusted to the Globex bid or Globex ask.

Tier 4: If no trades occur between 04:00:00 and 13:00:00 CT and there is no Globex bid or Globex ask active at the end of the respective settlement period, that contract months settle will be adjusted to the net change of the previous listed contract month.

Final Settlement Procedure

HRC – COMEX Rulebook [Chapter 920](#)

BUS – COMEX Rulebook [Chapter 601](#)

HDG – COMEX Rulebook [Chapter 969](#)

EHR – COMEX Rulebook [Chapter 971](#)

If you have any questions, please call the [CME Global Command Center](#).