



Special Executive Report

DATE: January 31, 2024

SER#: 9309

SUBJECT: Amendments to Daily Settlement Procedure Document for the Aluminum Futures Contract

Effective Sunday, February 25, 2024, for trade date Monday, February 26, 2024, 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 the Aluminum Futures contract.

Contract Title	Commodity Code	Rulebook Chapter
Aluminum Futures	ALI	107

Specifically, the daily settlement period and expiration time of the Aluminum Futures contract, as well as the related Aluminum Option contract (Commodity Code: AX; Rulebook Chapter 123) (collectively, the "Contracts") will be amended from 16:30:00-16:35:00 London Time to **16:25:00-16:30:00 London Time** (the "Rule Amendments"). The Rule Amendments are intended to more closely align the settlement period of the Contracts with other similar and related international aluminum markets.

Exhibit A provides the Rule Amendments to the Document in blackline format.

Inquiries regarding the aforementioned may be directed to the CME Group Global Command Center at 800.438.8616, in Europe at 44.800.898.013, in Asia at 65.6532.5010, or GCC@cme.com.

Exhibit A

Daily Settlement Procedure Document

(additions underscored; deletions ~~struck through~~)

Aluminum Futures

Normal Daily Settlement Procedure

Aluminum futures (ALI) are settled by CME Group staff based on trading activity on CME Globex during the settlement period. The settlement period is defined as: ~~16:30:00 to 16:35:00~~ **16:25:00 to 16:30:00** London Time.

Lead Month

The lead month is the anchor month for settlements and will be the third chronological month. However, on the 15th of the current calendar month, the lead month becomes the 4th chronological month, and remains the 4th chronological month until expiry of the current calendar month. The lead month is settled based on market activity on CME Globex between ~~16:30:00 to 16:35:00~~ **16:25:00 to 16:30:00** London Time – the lead month settlement period.

Tier 1: The lead month contract settles to the volume-weighted average price (VWAP) of the trades executed on CME Globex between ~~16:30:00 to 16:35:00~~ **16:25:00 to 16:30:00** London Time, the settlement period, rounded to the nearest tradable tick

Tier 2: If there is no VWAP, then the last trade price is checked against the bid/ask.

- a. If the last trade price is outside of the bid/ask spread, then the contract settles to the nearest bid or ask price.
- b. 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.

- a. If the prior settle is outside of the bid/ask spread, then the contract settles to the nearest bid or ask price.
- b. 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.

All Other Months

All non-lead months settle per the following guidelines:

Tier 1: All months other than the designated lead month will settle based upon the VWAP of calendar spread transactions between ~~16:30:00 to 16:35:00~~ **16:25:00 to 16:30:00** London Time, the calendar spread settlement period. These calendar spreads will be used in conjunction with settlements from any months where a settlement price has been determined to form a VWAP in the contract month to be settled. For examples please click [here](#).

Tier 2: In the absence of relevant calendar spread trades, bid/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 will be used to derive the best possible bid and the best possible ask. Provided that implied bid/ask spread is consistent with reasonability thresholds as determined by the Global Command Center (GCC), the contract will settle within the implied bid/ask spread. Note-Efforts will be made to honor resting bids and asks, but VWAP trades will take precedence.

Tier 3: In the absence of an implied 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.

Final Settlement Calculation for Expiring Contract

CME Group staff determines the settlement of the expiring Aluminum futures (ALI) contract by following the regular daily settlement procedures for non-Lead months. The expiring contract, considered to be a non-lead month, is settled based on relevant spread relationships on CME Globex throughout the settlement period up to expiration.

Additional Details

<https://www.cmegroup.com/content/dam/cmegroup/rulebook/COMEX/1a/107.pdf>

If you have any questions, please call the CME Global Command Center at 800.438.8616, in Europe at 44.800.898.013, or in Asia at 65.6532.5010.

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