

MARKET REGULATION ADVISORY NOTICE

Exchange	CME & CBOT
Subject	Trading at Settlement (“TAS”) Transactions
Rule References	Rule 524
Advisory Date	May 11, 2015
Advisory Number	CME & CBOT RA1503-3
Effective Date	June 8, 2015

Effective on Sunday, June 7, 2015, for trade date Monday, June 8, 2015, CME and CBOT will adopt new Rule 524 (“Trading at Settlement (“TAS”) Transactions”). In connection with the adoption of the new Rule:

- CME will begin to permit orders for the first two listed contract months and the spread between those two contract months in Live Cattle, Feeder Cattle and Lean Hogs futures to be entered into CME Globex for pricing at the settlement price or any valid price increment **four** ticks higher or lower than the settlement price; and
- CBOT will begin to permit orders for the first three listed contract months and certain spreads in Corn, Soybean, Soybean Oil, Soybean Meal, Wheat and KC HRW Wheat futures to be entered into CME Globex for pricing at the settlement price or any valid price increment **four** ticks higher or lower than the settlement price.

Information on the specific contract months and spreads eligible for TAS pricing is contained in the TAS Table set forth in the Interpretations & Special Notices Section at the end of Chapter 5 of the CME and CBOT Rulebooks. The table may also be accessed [here](#).

Important information on regulatory considerations for market participants engaging in TAS transactions appears in Section 2 of this Advisory Notice.

1. General Information on TAS Transactions

Orders may be entered into CME Globex for execution at the current day’s settlement price or any valid price increment four ticks higher or lower than the settlement price.

TAS Transactions in CME and CBOT products are subject to CME and CBOT Rule 524, which is set forth below:

524. TRADING AT SETTLEMENT (“TAS”) TRANSACTIONS

The Exchange shall determine the commodities, contract months and time periods during which TAS transactions shall be permitted.

The following shall govern TAS transactions:

1. TAS orders may be entered on Globex at any time the applicable contracts are available for TAS trading on Globex and during each TAS contract’s prescribed pre-open time period. The initiation of any TAS order on Globex outside these time periods is prohibited.
2. TAS transactions may be executed at the current day’s settlement price or at any valid price increment four ticks higher or lower than the settlement price.

2. Regulatory Considerations

All market participants are reminded that any trading activity that is intended to disrupt orderly trading or to manipulate or attempt to manipulate a settlement price to benefit a TAS position will subject the member and/or the market participant to disciplinary action for any of a number of rule violations, including, but not limited to:

- price manipulation or attempted price manipulation
- wash trading
- conduct detrimental to the interest or welfare of the Exchange or conduct which tends to impair the dignity or good name of the Exchange
- engaging in conduct inconsistent with just and equitable principles of trade

Investigation of suspected manipulative or disruptive activity related to TAS, or activity in the related underlying markets will include the Market Regulation Department's ("Department") review of positions and trading activity in CME or CBOT markets and any related markets to determine if such activity was disruptive, collusive, and/or caused or attempted to cause aberrant price movement during these periods. Pursuant to Rule 432.L.3, market participants are reminded that it is an offense to fail to produce any books or records requested by authorized Exchange staff within 10 days after such request is made or such shorter period of time as determined by the Exchange in exigent circumstances. The Department always has the authority to request books and records as well as other relevant information regarding the nature of a participant's trading and positions in Exchange products and in any related markets as part of its regulatory program.

3. Entry of TAS Orders into CME Globex

Rule 524 permits the entry of TAS orders into CME Globex only subsequent to the beginning of each group's pre-open state and during the time period the applicable contracts are available for TAS trading on CME Globex. The initiation of any TAS order on CME Globex outside of these time periods is strictly prohibited.

Any market participant who initiates the entry of a TAS order prior to receipt of the security status message indicating that market has transitioned to the pre-open will be subject to disciplinary action by a panel of the Business Conduct Committee, notwithstanding that the order may have been rejected by the CME Globex system. Sanctions for noncompliance may include a fine, disgorgement of any profits realized as a result of any orders accepted by CME Globex which were initiated prior to receipt of the security status message and/or a suspension of access to the market. Market participants must ensure that they have appropriate protocols in place to ensure that TAS orders are not initiated prior to receipt of the security status message.

4. TAS Calendar Spreads

As set forth in the [TAS Table](#) in the Interpretations & Special Notices Section at the end of CME and CBOT Chapter 5, certain intra-commodity calendar spreads are permitted to be entered into CME Globex for TAS pricing.

The legs of TAS spread trades executed on CME Globex at **zero** or at a **negative differential** will be priced as follows:

- If the spread trades at zero, each leg will be priced at the settlement price for the respective contract months.

- If the spread trades at a negative differential, the **nearby** leg of the spread will be priced at the settlement price for that contract month. The **far** leg of the spread will be priced at the settlement price for that contract month **minus** the allowable TAS price increment traded.

The legs of TAS spread trades executed on CME Globex at a **positive differential** will be priced as follows:

- The **far** leg of the spread will be priced at the settlement price for that contract month. The **nearby** leg of the spread will be priced at the settlement price for that contract month **plus** the TAS price increment traded.

5. TAS Pricing and Daily Price Limits

Notwithstanding that CME Live Cattle, Feeder Cattle and Lean Hogs futures and CBOT Corn, Soybean, Soybean Oil, Soybean Meal, Wheat and KC HRW Wheat futures are subject to daily price limits, market participants executing a trade in one of those products which is priced at a tick increment above or below the settlement price (negative 4 through negative 1 or positive 1 through positive 4) may result in a final trade price above or below the daily price limit.

Questions regarding this Advisory Notice may be directed to the following individuals in Market Regulation:

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