CME Group

Special Executive Report

DATE: **May 21, 2015**

SER#:   **7350R**

SUBJECT: **Adoption of New CME and CBOT Rule 524 (Trading at Settlement (TAS) Transactions) for Certain Grain, Oilseed, and Livestock Products**

(This SER supersedes SER – 7350 dated May 11, 2015 and amends the effective date from trade date June 8, 2015 to June 15, 2015.)

Effective on Sunday, June 14, 2015, for trade date Monday, June 15, 2015, and pending all relevant CFTC regulatory review periods, Chicago Mercantile Exchange Inc. ("CME") and The Board of Trade of the City of Chicago, Inc. ("CBOT") (collectively, the "Exchanges") will adopt New Rule 524 ("Trading at Settlement ("TAS") Transactions")[1]. In connection with the adoption of the new Rule, effective on that date:

- 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**, **Wheat**, **KC HRW Wheat**, **Soybean Oil** and **Soybean Meal** 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.

In addition to the adoption of new Rule 524 (see Appendix 1), the Exchanges will include a link in the Interpretations & Special Notices Section of CME and CBOT Chapter 5 ("Trading Qualifications and Practices") to a new TAS Table that will identify the products, contract months and spreads that will be eligible for execution on CME Globex and priced pursuant to the provisions of Rule 524 (see Appendix 2).

For the aforementioned CME and CBOT products, TAS will be available on nearby contracts and spreads that contain the nearby contract through the end of trading two (2) business days prior to the named nearby contract month (e.g., for products with a July contract expiration, TAS will be available on the July 2015 contract month through the end of trade on June 29, 2015). Once TAS functionality expires on a nearby contract month and spreads containing the nearby contract month, on the next business day (one business day prior to the nearby contract month), TAS functionality is added to a new contract month and spreads.

TAS orders may be entered into CME Globex for Corn, Soybean, Wheat, KC HRW Wheat, Soybean Oil and Soybean Meal during prescribed pre-open hours and from 19:00 to 07:45 and from 08:30 to 13:15 Central Time ("CT")[2]. All resting TAS orders at 07:45 will remain in the book for the 08:30 opening unless cancelled.

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[1] http://www.cmegroup.com/confluence/display/EPICSANDBOX/Trade+at+Settlement+-+TAS

[2] Rule 524 permits the initiation 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

TAS orders may be entered into CME Globex for Live Cattle, Feeder Cattle, and Lean Hogs during prescribed pre-open hours and from 08:00 (09:05 on Mondays or Tuesdays that follow a Monday holiday) to 13:00 CT.

As set forth in the TAS listing cycle, 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; and

- 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.

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.

Additional information regarding TAS is available in a Market Regulation Advisory Notice available here:

http://www.cmegroup.com/rulebook/rulebook-harmonization.html

and on the CME Group Website here:

http://www.cmegroup.com/agtas

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on CME Globex. The initiation of any TAS order on CME Globex outside of these time periods is strictly prohibited.

Appendix 1
(Additions are <u>underscored</u>)

CME and CBOT
Chapter 5
Trading Qualifications and Practices

<u>**524.** **TRADING AT SETTLEMENT ("TAS") TRANSACTIONS**</u>

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

<u>The following shall govern TAS transactions:</u>

1. <u>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.</u>

2. <u>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.</u>

Appendix 2
TAS Listing Cycle

Trade at Settlement (TAS) Outright and Calendar Spread Availability - Grains and Oilseeds

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
CORN	Mar	Mar	May	May	Jul	Jul	Sep	Sep	Dec	Dec	Dec	Mar
	May	May	Jul	Jul	Sep	Sep	Dec	Dec	Mar	Mar	Mar	May
	Jul	Jul	**Sep**	Sep	Dec	Dec	**Mar**	Mar	**May**	May	May	**Jul**
	Dec	Dec	Dec	Dec	Jul-Sep	Jul-Sep	Sep-Dec	Sep-Dec	Dec-Mar	Dec-Mar	Dec-Mar	**Dec**
	Mar-May	Mar-May	May-Jul	May-Jul	**Sep-Dec**	Sep-Dec	**Dec-Mar**	Dec-Mar	**Mar-May**	Mar-May	Mar-May	Mar-May
	May-Jul	May-Jul	**Jul-Sep**	Jul-Sep	Jul-Dec	Jul-Dec						**May-Jul**
	Jul-Dec	Jul-Dec	Jul-Dec	Jul-Dec								**Jul-Dec**
SRW WHEAT	Mar	Mar	May	May	Jul	Jul	Sep	Sep	Dec	Dec	Dec	Mar
HRW WHEAT	May	May	Jul	Jul	Sep	Sep	Dec	Dec	Mar	Mar	Mar	May
	Jul	Jul	**Sep**	Sep	**Dec**	Dec	**Mar**	Mar	**May**	May	May	Jul
	Mar-May	Mar-May	May-Jul	May-Jul	Jul-Sep	Jul-Sep	**Jul**	Jul	Jul	Jul	Jul	Mar-May
	May-Jul	May-Jul	**Jul-Sep**	Jul-Sep	**Sep-Dec**	Sep-Dec	Sep-Dec	Sep-Dec	Dec-Mar	Dec-Mar	Dec-Mar	**May-Jul**
					Jul-Dec	Jul-Dec	**Dec-Mar**	Dec-Mar	**Mar-May**	Mar-May	Mar-May	
							Dec-Jul	Dec-Jul	Dec-Jul	Dec-Jul	Dec-Jul	
SOYBEANS	Mar	Mar	May	May	Jul	Jul	Aug	Sep	Nov	Nov	Jan	Jan
	May	May	Jul	Jul	Aug	Aug	Sep	Nov	Jan	Jan	Mar	Mar
	Jul	Jul	**Aug**	Aug	**Sep**	Sep	Nov	**Jan**	**Mar**	Mar	**May**	May
	Nov	Nov	Nov	Nov	Nov	Nov	Aug-Sep	Sep-Nov	Nov-Jan	Nov-Jan	**Nov**	Nov
	Mar-May	Mar-May	May-Jul	May-Jul	Jul-Aug	Jul-Aug	**Sep-Nov**	**Nov-Jan**	**Jan-Mar**	Jan-Mar	Jan-Mar	Jan-Mar
	May-Jul	May-Jul	**Jul-Aug**	Jul-Aug	**Aug-Sep**	Aug-Sep					**Mar-May**	Mar-May
	Jul-Nov	Jul-Nov	Jul-Nov	Jul-Nov	Jul-Nov	Jul-Nov						

SOYBEAN OIL SOYBEAN MEAL												
Mar	Mar	May	May	Jul	Jul	Aug	Sep	Oct	Dec	Dec	Jan
May	May	Jul	Jul	Aug	Aug	Sep	Oct	Dec	Jan	Jan	Mar
Jul	Jul	**Aug**	Aug	**Sep**	Sep	**Oct**	Dec	**Jan**	**Mar**	Mar	**May**
Dec	Dec	Dec	Dec	Dec	Dec	Dec	Sep-Oct	Oct-Dec	Dec-Jan	Dec-Jan	**Dec**
Mar-May	Mar-May	May-Jul	May-Jul	Jul-Aug	Jul-Aug	Aug-Sep	**Oct-Dec**	**Dec-Jan**	**Jan-Mar**	Jan-Mar	Jan-Mar
May-Jul	May-Jul	**Jul-Aug**	Jul-Aug	**Aug-Sep**	Aug-Sep	**Sep-Oct**					**Mar-May**
Jul-Dec	Jul-Dec	Jul-Dec	Jul-Dec	Jul-Dec	Jul-Dec						

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
LIVE CATTLE	Feb	Apr	Apr	Jun	Jun	Aug	Aug	Oct	Oct	Dec	Dec	Feb
	Apr	**Jun**	Jun	**Aug**	Aug	**Oct**	Oct	**Dec**	Dec	**Feb**	Feb	**Apr**
	Feb-Apr	**Apr-Jun**	Apr-Jun	**Jun-Aug**	Jun-Aug	**Aug-Oct**	Aug-Oct	**Oct-Dec**	Oct-Dec	**Dec-Feb**	Dec-Feb	**Feb-Apr**
FEEDER CATTLE	Mar	Mar	Apr	May	Aug	Aug	Aug	Sep	Oct	Nov	Jan	Jan
	Apr	Apr	**May**	**Aug**	**Sep**	Sep	Sep	**Oct**	**Nov**	**Jan**	**Mar**	Mar
	Mar-Apr	Mar-Apr	**Apr-May**	**May-Aug**	**Aug-Sep**	Aug-Sep	Aug-Sep	**Sep-Oct**	**Oct-Nov**	**Nov-Jan**	**Jan-Mar**	Jan-Mar
LEAN HOGS	Feb	Apr	Apr	Jun	Jun	Jul	Aug	Oct	Oct	Dec	Dec	Feb
	Apr	**Jun**	Jun	**Jul**	Jul	**Aug**	**Oct**	**Dec**	Dec	**Feb**	Feb	**Apr**
	Feb-Apr	**Apr-Jun**	Apr-Jun	**Jun-Jul**	Jun-Jul	**Jul-Aug**	**Aug-Oct**	**Oct-Dec**	Oct-Dec	**Dec-Feb**	Dec-Feb	**Feb-Apr**

The column headings represent the first day of the calendar month. The cells show the contract months and spreads authorized for TAS as of the first day of the month. The **bold and underlined** contract months indicate the futures and spreads authorized for TAS during the previous month (i.e., on the business day prior to the first day of the month).