CME Group

CBOT Corn, Wheat, Rice, Oats, Soybean, Soybean Meal, Soybean Oil and KC HRW Wheat Futures Daily Settlement Procedure

Normal daily settlement procedure

CME Group staff determines the daily settlements in CBOT Corn (ZC), Wheat (ZW), Rice (ZR), Oats (ZO), Soybean (ZS), Soybean Meal (ZM), Soybean Oil (ZL) and KC HRW Wheat (KE) futures by incorporating both Floor-based and Globex-based trading activity between 13:14:00 and 13:15:00 Central Time (CT).

Lead month

The designated lead month* is settled according to the following procedure:

Tier 1: The lead month settles to the volume-weighted average price (VWAP) of the outright between 13:14:00 and 13:15:00 Central Time (CT), rounded to the nearest tradable tick. If the VWAP is equidistant between two ticks, then it's rounded to the tick that is closer to the prior-day's settlement price.

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

Deferred months

Deferred contract months consist of all non-lead months and settle according to the following procedure:

Tier 1: All months other than the designated lead month will settle based upon the VWAP of calendar spread transactions executed in the pit and on Globex from 13:14:00 - 13:15:00.

Tier 2: In the absence of relevant calendar spread trades, bids and offers 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 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. Provided that implied bid/ask spread is consistent with reasonability thresholds for the product, as determined by the Global Command Center, the contract will settle at the midpoint of the implied bid/ask spread.

Tier 3: In the absence of an implied best bid/best ask that meets reasonability thresholds, the net change of the previous contract month will be applied to determine the contract's settlement price. However, if a contract is initially settled to the net change of the previous month and there are posted markets at 13:15 in one or more calendar spreads with that contract as the nearby leg, then the settlement price will be adjusted on a subsequent iteration based upon the implied best bid/best ask of those calendar spreads, provided it is consistent with bid/ask reasonability thresholds.

Tier 4: If the settlement price in a deferred month created by using the "net change" method described above violates a bid or an offer in a calendar spread or in the deferred month itself that could otherwise be honored, the settlement price for that deferred month will be adjusted to honor that bid or offer. If not all spread bids or offers can be honored in this way, precedence will be given to the tightest bid/ask markets.

Product	Maximum Spread Bid/Ask
Corn (ZC)	12 Ticks
Wheat (ZW)	20 Ticks
Rice (ZR)	40 Ticks
Oats (ZO)	40 Ticks
Soybeans (ZS)	20 Ticks
Soybean Meal (ZM)	30 Ticks
Soybean Oil (ZL)	30 Ticks
KC HRW Wheat (KE)	20 Ticks

* The designated lead month in each product shall be determined by the Exchange, and is generally the most active month, shifting as open interest and volume migrate during the contract lifecycle. Advance notification of changes to the designated lead month will be provided to the marketplace.

**Expiration Procedures: On the last trading day of an expiring contract, the settlement period for the expiring contract will be 12:00:00 -12:01:00, and the contract's final settlement price will be the VWAP of all outright trades executed in the pit and on Globex during that period. In the absence of trading during the settlement period, the contract will settle to the last trade or a subsequent standing better bid or offer.

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.

> **Note:** In the event the aforementioned calculations cannot be made or if CME Group staff, in its sole discretion, determines that anomalous activity produces results that are not representative of the fair value of the contract, staff may determine an alternative settlement price.