

# Grain and Oilseed Calendar Spread Options

MANAGE FUTURES SPREAD RISK WITH GREATER PRECISION AND EFFICIENCY

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## Overview

Calendar Spread Options (CSOs) are options on the price differential between two delivery months of the same futures contract. The price differential is defined as a specified nearby futures month price minus a specified deferred futures month price.

CSOs allow market participants to trade calendar spreads with a single transaction, rather than buying and selling individual options in separate delivery months. They provide hedgers with an effective tool for hedging inventory risks or carrying charges arising from declining spreads, and offer traders an efficient way to take views on price spreads between different delivery months.

A strategy that simply combines standard options from two different calendar months is sensitive to fluctuations in futures prices of those two months. Because CSOs are sensitive only to the value and volatility of the spread itself, rather than the price of the underlying commodity, these options tend to be less expensive, providing a more cost-effective risk management and trading alternative.

## Contracts

Corn, Chicago Soft Red Winter (SRW) Wheat, KC Hard Red Winter (HRW) Wheat, Soybean, Soybean Oil and Soybean Meal CSOs trade on the CME Globex electronic platform. All CSO contracts follow a "European-style" exercise model, meaning that buyers may exercise the option only on the expiration date itself.

Calendar spread options

CONTRACT SPECIFICATIONS

|                                 | CORN, SOYBEANS, CHICAGO SRW WHEAT, KC HRW WHEAT  | SOYBEAN MEAL   | SOYBEAN OIL  |
|---------------------------------|--|--|--|
| CONTRACT SIZE                   | One long futures contract (of a specified month) consisting of 5,000 bushels, and one short futures contract (of a differing specified month) consisting of 5,000 bushels.   | One long Soybean Meal futures contract (of a specified month) consisting of 100 short tons, and one short Soybean Meal futures contract (of a differing specified month) consisting of 100 short tons.   | One long Soybean Oil futures contract (of a specified month) consisting of 60,000 pounds, and one short Soybean Oil futures contract (of a differing specified month) consisting of 60,000 pounds.   |
| TICK SIZE (MINIMUM FLUCTUATION) | 1/8 of one cent per bushel (\$6.25 per contract)   | 5 cents per short ton (\$5.00 per contract)  | 5/1000 of one cent (\$.00005) per pound (\$3.00 per contract)  |
| PRICE BASIS                     | The price basis shall be defined as the specified nearby futures contract month price minus the specified deferred futures contract month price.   | The price basis shall be defined as the specified nearby Soybean Meal futures contract month price minus the specified deferred Soybean Meal futures contract month price.   | The price basis shall be defined as the specified nearby Soybean Oil futures contract month price minus the specified deferred Soybean Oil futures contract month price.   |
| STRIKE PRICE INTERVALS          | Trading shall be conducted for put and call options on futures calendar spreads consisting of the nearby futures month and the next available futures month (consecutive spreads) with strike prices in integral multiples of one cent per bushel. Trading shall be conducted for put and call options on futures calendar spreads consisting of the nearby futures month and a futures month beyond the next available futures month with strike prices in integral multiples of five cents per bushel. More details on strike price intervals are outlined in Rules 10J01.E, 11E01.E, 14D01.E and 14M01E for Corn, Soybeans, Chicago SRW Wheat and KC HRW Wheat, respectively.         | Trading shall be conducted for put and call options with striking prices in integral multiples of fifty (50) cents per short ton. More details on strike price intervals are outlined in Rule 13B01.E.   | Trading shall be conducted for put and call options with striking prices in integral multiples of five one-hundredths of one cent (\$.0005). More details on strike price intervals are outlined in Rule 12B01.E.  |
| CONTRACT MONTHS                 | <b>Corn:</b> The nearby five consecutive futures calendar spreads and the following longer-dated calendar spreads: Mar-July, Mar-Dec, July-Dec, Dec-July and Dec-Dec (1 year).<br><b>Chicago SRW Wheat and KC HRW Wheat:</b> The nearby five consecutive futures calendar spreads and the following longer-dated calendar spreads: Mar-July, Dec-July, July-Dec, July-July (1 year) and Dec-Dec (1 year).<br><b>Soybean:</b> The nearby seven consecutive futures calendar spreads and the following longer-dated calendar spreads: Jan-May, Mar-July, Mar-Nov, May-Nov, July-Nov, Aug-Nov, Nov-Mar, Nov-July, July-July (1 year), Nov-Nov (l year), Jan-Mar (different calendar years). | <b>Soybean Meal:</b> The nearby eight consecutive futures calendar spreads and the following longer dated calendar spreads: Dec-July, July-Dec, Aug-Dec, Sep-Dec.  | <b>Soybean Oil:</b> The nearby eight consecutive futures calendar spreads and the following longer dated calendar spreads: Dec-July, July-Dec, Aug-Dec, Sep-Dec.   |
| DAILY PRICE LIMIT               | There are no daily price limits.   | There are no daily price limits.   | There are no daily price limits.   |
| LAST TRADE DATE                 | The last Friday preceding the first notice day of the corresponding nearby futures contract month by at least two business days.   | The last Friday preceding the first notice day of the corresponding nearby Soybean Meal futures contract month by at least two business days.  | The last Friday preceding the first notice day of the corresponding nearby Soybean Oil futures contract month by at least two business days.   |
| EXERCISE                        | Exercise is European-style. The buyer of a futures calendar spread option may exercise the option only upon expiration by giving notice to the CME Clearing by 6:00 p.m. CT. Option exercise results in two underlying futures market positions. Options in-the-money on the last day of trading is automatically exercised.   | Exercise is European-style. The buyer of a futures calendar spread option may exercise the option only upon expiration by giving notice to the CME Clearing by 6:00 p.m. CT. Option exercise results in an underlying futures market position. Options in-the-money on the last day of trading is automatically exercised. | Exercise is European-style. The buyer of a futures calendar spread option may exercise the option only upon expiration by giving notice to the CME Clearing by 6:00 p.m. CT. Option exercise results in an underlying futures market position. Options in-the-money on the last day of trading is automatically exercised. |
| TRADING HOURS (ALL TIMES IN CT) | <b>CME Globex (electronic platform):</b> 7:00 p.m. – 7:45 a.m. CT, Sunday – Friday, and 8:30 a.m. – 1:20 p.m. CT, Monday – Friday. (Settlement remains 1:15)   | <b>CME Globex (electronic platform):</b> 7:00 p.m. – 7:45 a.m. CT, Sunday – Friday, and 8:30 a.m. – 1:15 p.m. CT, Monday – Friday.   | <b>CME Globex (electronic platform):</b> 7:00 p.m. – 7:45 a.m. CT, Sunday – Friday, and 8:30 a.m. – 1:15 p.m. CT, Monday – Friday.   |

Trade entry

To enter a trade for a CSO, enter the first three letters of the appropriate code (CZC in the case of a consecutive Corn CSO on CME Globex) followed by the front month code. For example, to enter a September 2024 – December 2024 corn spread the entry will look like:

**CZCU4, followed by whether it is a put or a call.**

Similarly, the longer dated spreads will reference the front month. For example, to enter a December 2024 – July 2025 Chicago SRW Wheat CSO on CME Globex, the entry will look like:

**WC6Z4, followed by whether it is a put or a call.**

CONTRACT SYMBOLS

| PRODUCT               |              | CME GLOBEX CODE | CLEARING CODE |
|-----------------------|--------------|-----------------|---------------|
| CORN CSO              | CONSECUTIVE  | CZC             | PYC           |
|                       | MAR-JULY     | CZ7             | 7CC           |
|                       | MAR-DEC      | CZ9             | 3CC           |
|                       | JULY-DEC     | CZ6             | CC6           |
|                       | DEC-JULY     | CZ8             | 8CC           |
|                       | DEC-DEC      | 12C             | CCZ           |
| CHICAGO SRW WHEAT CSO | CONSECUTIVE  | CZW             | WZC           |
|                       | MAR-JULY     | WC3             | CW3           |
|                       | DEC-JULY     | WC6             | CW6           |
|                       | JULY-DEC     | WCM             | CWM           |
|                       | JULY-JULY    | 12W             | CWN           |
|                       | DEC-DEC      | CWZ             | WCZ           |
| KC HRW WHEAT CSO      | CONSECUTIVE  | KZC             | K7C           |
|                       | MAR-JULY KC  | CK3             | KC3           |
|                       | DEC-JULY KC  | KC6             | CK6           |
|                       | JULY-DEC KC  | KCR             | CKM           |
|                       | JULY-JULY KC | 12K             | CKN           |
|                       | DEC-DEC KC   | CKZ             | KCZ           |

| PRODUCT          |             | CME GLOBEX CODE | CLEARING CODE |
|------------------|-------------|-----------------|---------------|
| SOYBEAN CSO      | CONSECUTIVE | CZS             | ZSC           |
|                  | JAN-MAY     | SZK             | KSC           |
|                  | MAR-JUL     | SZH             | KSH           |
|                  | MAR-NOV     | SZ0             | SC0           |
|                  | MAY-NOV     | SC7             | C7S           |
|                  | JULY-NOV    | SZ5             | SC5           |
|                  | AUG-NOV     | SZ4             | SC4           |
|                  | NOV-MAR     | SZ3             | SC3           |
|                  | NOV-JULY    | SZ9             | SX9           |
|                  | JULY-JULY   | SZ1             | SC1           |
|                  | NOV-NOV     | 12S             | SCX           |
|                  | JAN-MAR     | SZ8             | S8C           |
| SOYBEAN MEAL CSO | CONSECUTIVE | CZM             | MYC           |
|                  | DEC-JULY    | MC3             | SM3           |
|                  | JULY-DEC    | MC6             | SM6           |
|                  | AUG-DEC     | NC4             | OC4           |
|                  | SEP-DEC     | MC5             | SM5           |
| SOYBEAN OIL CSO  | CONSECUTIVE | CZL             | COY           |
|                  | DEC-JULY    | NC3             | OC3           |
|                  | JULY-DEC    | OC6             | CO6           |
|                  | AUG-DEC     | MC4             | SM4           |
|                  | SEP-DEC     | NC5             | OC5           |

For more information on Calendar Spread Options and other grain spread options, visit [cmegroup.com/cso](https://cmegroup.com/cso)

Grain and Oilseed Calendar Spread Options are listed with and subject to the rules and regulations of the CBOT

[cmegroup.com](https://cmegroup.com)

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