

Random Length Lumber Futures Final Settlement Procedure

Final Settlement Calculation for Expiring Contract

CME Group staff determines the settlement for the expiring Random Length Lumber (LBS) future contract by incorporating both Floor-based and Globex-based trading activity between 12:03:30 and 12:05:00 (CT) – the last minute and a half of the contract's life.

Tier 1: For the contract month, if a trade occurs on CME Globex or in the pit during the settlement window, then the contract settles to the volume-weighted average price (VWAP) of the trade(s) between 12:03:30 and 12:05:00 (CT).

Tier 2: If no trades occur on Globex or in the pit between 12:03:30 and 12:05:00 (CT) then the last trade (or prior settle in the absence of a last trade price) is used to determine whether to settle to the current bid or the current ask in either trading venue during this period.

If the current bid is higher than the last trade/prior settlement price, then the contract month settles to the bid. If the current ask is lower than the last trade/prior settle, then the contract month settles to the ask. The contract month settles to the last trade/prior settle if it is equal to or between the current bid and the current ask.

Tier 3: In the absence of any trade activity or bid/ask in the expiring contract month during the current trading day, then the contract settles to the prior-day price.

Additional Details

Random Length Lumber (LBS) futures are physically delivered upon expiration. For additional details, please see the CME Rulebook (**Chapter 201**):

<http://www.cmegroup.com/rulebook/CME/II/200/201/201.pdf>

If you have any questions, please call the CME Global Command Center at 800.438.8618, in Europe at 44.800.898.013, or in Asia at 65.6532.5010.

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