

Nasdaq Veles California Water Index (NQH2O) futures

A clear solution to water price risk management.

A new derivative solution to hedge water price exposure

The Nasdaq Veles California Water Index futures contract is now available for trading on CME Globex and clearing via CME ClearPort. The contract can help market participants manage the price risk associated with the scarcity of water in the largest water market in the United States.

KEY BENEFITS



Leading benchmark

Based on the NQH2O Index, the leading benchmark tracking the price of water at its source, with data backed by market leader, WestWater Research.



Flexible access

Small contract size allows for easy access to manage water price exposure. Trade on-screen five days a week or negotiate bilateral block trades anytime.



First of its kind

The first regulated, exchanged-traded risk management tool to manage water supply and demand risk.



Price discovery

Robust, transparent markets foster true price discovery for participants.

ABOUT THE NQH2O INDEX

The Nasdaq Veles California Water Index (ticker symbol: NQH2O) tracks the price of water rights leases and sales transactions across the five largest and most actively traded regions in California. Water entitlement transactions from the surface water market and four adjudicated groundwater basins –the Central Basin, the Chino Basin, the Main San Gabriel Basin, and the Mojave Basin Alto Subarea are included in the index. The value of the index reflects the volume-weighted

average price of water, at the source, excluding conveyance costs and water losses in the underlying markets after adjusting for idiosyncratic pricing factors specific to each of the eligible markets and transaction types. NQH2O is valued in US dollars per acre foot (the volume of water required to cover one acre of land (43,560 square feet) to a depth of one foot, equivalent to 325,851 gallons).

CONTRACT SPECIFICATION

Contract unit	10 acre feet x NQH2O Index
Price quotation	US dollars per acre foot
Minimum price fluctuation	Outrights: \$1.00 per acre foot equal to \$10.00 per contract Calendar spreads: \$0.25 per acre foot equal to \$2.50 per contract
Contract months	Eight consecutive quarterly contracts (Mar, Jun, Sept, Dec) plus nearest two serial months
Settlement method	Financially settled
Block trade minimum threshold	25 contracts
Last trading day	Business day prior to final settlement day
Final settlement day	Third Wednesday of the contract month if a CME business day, otherwise the next business day

To learn more about NQH2O futures, visit cmegroup.com/water

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