

Iron Ore

MANAGE YOUR COMMODITY PRICE RISK ACROSS THE FERROUS SUPPLY CHAIN WITH IRON ORE FUTURES AND OPTIONS CONTRACTS AT CME GROUP.

Over the past decade, CME Group has been a pioneer in ferrous metals price risk management –offering a versatile set of solutions across the ferrous supply chain. In addition to our market-leading suite of steel contracts, we have also invested in expanding into the iron ore space, with products covering two similar yet fundamentally different parts of the iron ore supply chain.

Launched in July 2010, the COMEX benchmark Iron Ore product is the Iron Ore 62% Fe, CFR China (TSI) futures contract (product code TIO). This contract is cash settled and based on the Index for Seaborne 62% Fe Iron Ore fines published by Platts, which has long been regarded as an industry benchmark for seaborne iron ore. CME Group also offers options linked to the same index, our Iron Ore 62% Fe, CFR China (TSI) options contract (product code ICT). COMEX was the first international exchange to launch options linked to Iron Ore, listing ICT in March 2011.

More recently, as the benchmark derivatives market for seaborne iron ore has matured, a rising demand for risk management tools linked to iron ore prices portside in China has arisen. COMEX responded to this market demand by listing two futures contracts linked to Chinese portside iron ore prices. The Iron Ore China Portside Fines CNH, fot Qingdao (Argus) futures (product code PAC) contract is quoted in CNH per wet metric ton and cash settles to the PCX Index published by Argus. This index represents the price of medium grade iron ore fines fot Qingdao port, normalized to 62% Fe content. Alongside the launch of PAC, CME Group has also listed the Iron Ore China Portside Fines USD Seaborne Equivalent (Argus) futures (product code PAU) contract, which is quoted in USD per dry metric ton. This contract is cash settled to the PCX Seaborne Equivalent Index published by Argus, which represents the price of medium grade iron ore fines fot Qingdao port, but adjusting for moisture content, VAT, port fees, and converting from RMB into USD. PAC and PAU are the first Portside Iron Ore contracts to be listed on an international exchange.

Why trade CME Group Iron Ore futures?

- The iron ore market is one of the largest physical commodity markets in the world with an annual production of more than 2.5 billion MT. CME Group products allow customers to access hedging and risk management solutions for both seaborne and portside iron ore exposure.
- The CME Group Iron Ore suite allows price risk to be managed independently from physical supply. Futures and options are a cost-efficient hedging tool to mitigate risk and protect profit margins.
- Iron Ore futures and options are available for a long maturity range:
 - More than three years for the seaborne market (product codes TIO and ICT)
 - 12 months for the portside market (product codes PAC and PAU)

Who trades CME Group Iron Ore futures and options?

CME Group has a diverse range of customers including iron ore producers, consumers, traders, investment and asset management firms, and banks.

Where do they trade?

- Bilaterally agreed and centrally cleared through CME ClearPort
- Electronically on the CME Globex platform

Contract specifications

	SEABORNE		PORTSIDE	
CONTRACT TITLE	Iron Ore 62% Fe, CFR China (TSI) futures	Iron Ore 62% Fe, CFR China (TSI) Average Price option	Iron Ore China Portside Fines CNH, fot Qingdao (Argus) futures	Iron Ore China Portside Fines USD Seaborne Equivalent (Argus) futures
PRODUCT SYMBOL	TIO	ICT	PAC	PAU
VENUE AND HOURS	CME ClearPort and CME Globex. Sunday - Friday 5:00 p.m. - 4:00 p.m. (CT) with a 60-minute break each day beginning at 4:00 p.m. (CT).			
CONTRACT SIZE	500 MT	500 MT	100 MT	100 MT
PRICE QUOTATION	US dollars and cents per dry metric ton	US dollars and cents per dry metric ton	CNH per wet metric ton	US dollars and cents per dry metric ton
MINIMUM PRICE FLUCTUATION	\$0.01	\$0.01	CNH 0.1	\$0.01
LISTED CONTRACTS	Monthly contracts listed for the current year and the next three calendar years. List monthly contracts for a new calendar year following the termination of trading in the December contract of the current year.		Monthly contracts listed for the next 12 months. List new monthly contract upon termination of trading of current spot month.	
TERMINATION OF TRADING	The contract shall terminate at the close of trading on the last Singapore business day of the contract month. If such day is not an exchange business day, the contract will terminate on the exchange business day immediately prior.			
CONTRACT SETTLEMENT	The floating price for each contract month is equal to the average price calculated for all available price assessments published for "Iron ore fines 62% Fe - CFR China Port" for that given calendar month by The Steel Index.	Cash settlement against the contract settlement of TIO.	The floating price for each contract month is equal to the average price calculated for all available price assessments published for "Iron Ore Portside Fines 62% Fe (PCX) fot Qingdao" by ARGUS for that calendar month.	The floating price for each contract month is equal to the average price calculated for all available price assessments published for "Iron Ore Portside Fines 62% Fe (PCX) Seaborne Equivalent" by ARGUS for that calendar month.
UNDERLYING FUTURES	N/A	Iron Ore 62% Fe, CFR China (TSI) futures	N/A	N/A
SETTLEMENT TYPE	Financial	Financial	Financial	Financial
BLOCK TRADE MINIMUM (REPORTING WINDOW 15 MINUTES)	Five contracts	Five contracts	Five contracts	Five contracts
RULEBOOK CHAPTER	919	644	917	918

For more information please visit cmegroup.com/metals, or contact us at metals@cmegroup.com

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