

Trading at Settlement (TAS) for Copper Futures

A FLEXIBLE AND TRANSPARENT WAY TO MANAGE
SETTLEMENT PRICE UNCERTAINTY

Trading at Settlement (TAS) allows a market participant to buy or sell futures contracts during the trading day equal to the yet-to-be determined settlement price, or at a price up to 10 ticks above or below that price.

For Copper futures, the minimum price fluctuation or tick size is \$0.0005 per pound. A trader seeking to lock in the settlement price before it has been determined may enter any of the following TAS prices at any time during that trading day:

- A buyer may bid TAS 0 or a seller may offer TAS 0 to trade at the settlement price.
- A buyer may bid TAS up to 10 ticks above the settlement price in an effort to incentivize the other side of the trade. Depending on the differential, these options would result in an assigned price equal to the settlement price plus \$.0005, \$.0010, \$.0015, up to \$.0050 per pound.
- A seller may offer TAS up to 10 ticks below the settlement price in an effort to incentivize the other side of the trade. Depending on the differential, these options would result in an assigned price equal to the settlement price minus \$.0005, \$.0010, \$.0015, up to \$.0050 per pound.

Why TAS?

- Producers and Consumers may use TAS to build forward contracts that lock in a settlement price
- TAS can be used to hedge the average monthly price
- Index providers may use TAS to build an index price

Key Features

- Quotes will be published in real time on CME Globex throughout the trading day
- TAS for Copper is affordable and transparent
- Order entry is only allowed during the pre-open and trading day.

What Would a TAS Order Book for Copper Futures Look Like?

The number in the "Bid" and "Ofr" columns represent the differential from the settlement price in number of ticks.

CC	Product	Description	Qty	Bid	Ofr	Qty	Last	Volu...	Chan...	Time
Copper Spot TAS Future										
HG0	Copper Spot TAS Fu...	Jan19				0		217		0 17:08:21
HGT	Copper TAS Future	Mar19	611	-5	0	14		1,721		0 17:31:28
HGT	Copper TAS Future	May19	256	-5	0	61		360		0 17:19:02
HGT	Copper TAS Future	Jul19	251	-5	5	251		28		0 16:17:42
HGT	Copper TAS Future	Mar19/May19	25	-5	5	25		83		0 16:50:21
HGT	Copper TAS Future	Mar19/Jul19	25	-5	5	25		1		0 15:52:53
HGT	Copper TAS Future	May19/Jul19	25	-5	5	25				

Which Copper futures contracts are eligible for TAS?

	Contracts	Contract Type	Contract Range	TAS Range
Base	Copper	Outrights	First, Second, Third, and Fourth Active contract months	+/- 10 ticks
Base	Copper	Outrights	Spot Month	TAS zero (TAS flat)
Base	Copper	Spreads	First, Second, Third, and Fourth Active contract months	+/-10 ticks

Copper Active Contract Months Eligible for Trading at Settlement ("TAS")

Contract becomes spot (delivery month)	Contract months become TAS eligible
March	May, July, September and December
May	July, September, December and March
July	September, December, March and May
September	December, March, May and July
December	March, May, July and September

Note: A contract month becomes spot on the second last business day of the month prior to the contract month. For example, the September 2019 Copper Futures contract becomes spot on August 29, 2019. On this day the December 2019, March 2020, May 2020 and July 2020 contract months are TAS eligible.

What are the TAS block trade minimums for copper?

The TAS block trade minimum threshold for Copper Futures is as follows:

- Block TAS on CME ClearPort is available in the active months when they become TAS eligible. Active months for Copper are March, May, July, September and December
- TAS block trades are not permitted in any non-active Copper futures contract month at any time.
- The minimum block threshold for TAS trades in the first and second TAS eligible contract months is 20 contracts.
- The minimum block threshold for TAS trades in the third and fourth contract months is 5 contracts.
- The minimum block threshold for TAS trades in the spot month is 5 contracts, provided that the contract month was previously TAS eligible.

For more information about TAS for Copper Futures, please contact metals@cmegroup.com

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Futures and options trading is not suitable for all investors, and involves the risk of loss. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money deposited for a futures position. Therefore, traders should only use funds that they can afford to lose.