CME Group

A CME/Chicago Board of Trade/NYMEX Company

May 21, 2009

Mr. David Stawick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

RE: CME/CBOT/NYMEX Rule 813 ("Settlement Price") and NYMEX Rule 11.37 ("Settlement Prices for Contracts Traded Only on CME ClearPort Trading") CME/CBOT/NYMEX Submission No. 09-094

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. ("CME"), The Board of Trade of the City of Chicago, Inc. ("CBOT") and The New York Mercantile Exchange, Inc. ("NYMEX") (collectively, "the Exchanges") hereby notify the Commodity Futures Trading Commission that they will adopt amendments to each Exchange's Rule 813 ("Settlement Price") on June 1, 2009, to harmonize and streamline the settlement rules across the Exchanges. Based on the adoption of harmonized Rule 813, former NYMEX Rule 11.37 ("Settlement Prices for Contracts Traded Only on CME ClearPort Trading") is being eliminated as of June 1. Concurrent with the adoption of harmonized Rule 813, NYMEX and COMEX will eliminate all Settlement Committees currently responsible for determining settlement prices. Where and when appropriate, staff will obtain input from market participants; however, the settlement process and final authority with respect to settlement prices will reside with staff.

The adoption of harmonized Rule 813 does not impact the methodologies presently employed to settle CME and CBOT contracts. The effective date coincides with new settlement procedures being instituted in certain contract months in NYMEX WTI Crude Oil, Natural Gas, Heating Oil and RBOB futures contracts, whereby staff will settle the first six contracts months in those futures contracts based solely upon Globex® activity.

In connection with the adoption of harmonized Rule 813, a revised CME Group Settlement Procedures document will be posted to the CME Group website which provides detail on the settlement methodologies employed in the products of all CME Group exchanges. A copy of this document is also included in this submission and begins on page.

The text of harmonized Rule 813 begins on the next page, completely underscored. The texts of former CME, CBOT and NYMEX Rule 813 and NYMEX Rule 11.37 follow, with deletions overstruck.

The Exchanges certify that these rule changes comply with the Commodity Exchange Act and regulations thereunder.

If you have any questions regarding these changes, please contact Tom Lord, Director, Settlements, at 312.341.3116 or me at 312.648.5422. Please reference CME/CBOT/NYMEX Submission No. 09-094 in any related correspondence.

Sincerely,

/s/ Stephen M. Szarmack
Director and Associate General Counsel

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CME/CBOT/NYMEX Rule 813

813. SETTLEMENT PRICE

Settlement prices shall be determined each business day for each product pursuant to one or more of the procedures set forth below. The settlement price shall be a price consistent with the minimum tick increment for the product; if the calculated settlement price is not a standard tick increment, the calculated settlement price will be rounded either to the nearest tick or to the tick closer to the previous day's settlement price. The procedure used to determine the settlement price of a product will depend on the product group, level of activity and liquidity during the defined closing time period, and the trading venue(s) used to derive the settlement.

1. Midpoint of the Closing Range: In products that use this procedure, the first trade and all subsequent trades, higher bids and lower offers that are quoted during the established closing time period will be included in the closing range. The midpoint of the high and low quotes in the closing range will be the settlement price. If no trade occurs during the defined closing period, the last quote of the day (trade, higher bid, lower offer) will be the settlement price. In the event there are no valid quotes during the day, the settlement price will be the prior day's settlement price.
2. Volume-Weighted Average Price (VWAP) of the Closing Range: In products that use this procedure, all outright trades that occur during the defined closing time period are utilized to calculate the VWAP for specified contract months and the VWAP will be the settlement price. If the open outcry venue is used to determine the settlement price, the VWAP may be estimated. The calculated or estimated VWAP of relevant spread trades that occur during the closing time period may be used to determine the settlement price of deferred or less actively traded contract months in products that use this procedure.
3. Bid/Ask Midpoint at the Close: In products that use this procedure, the midpoint of the bid-ask at the defined closing time will be the settlement price.
4. Option Settlements: Option settlements are derived from available market information including, but not limited to, outright trades, bids or offers during the close, relevant spread trades, bids or offers during the close, the settlement price of the underlying future and relevant relationships based on option pricing theory using option pricing models employed by the exchange.
5. For all contract months not determined by one of the methods set forth above, relevant spread relationships between contract months will be used to derive the settlement.
6. For all products that trade as both full-sized and mini-sized contracts, a single settlement price will be applicable to both the full-sized and mini-sized contracts, with necessary adjustments made to round to the nearest tradable price increment eligible in both contracts.
7. For contracts cleared through ClearPort Clearing that are not otherwise settled by one of the methods set forth above, staff shall determine settlement prices for such contracts based upon a consideration of relevant market data, including, but not limited to, trading activity in such OTC products, pricing data obtained from OTC market participants, the settlement prices of related products and any other pricing data from sources deemed reliable by Staff.
8. Notwithstanding the above, if a settlement price in any product, as derived by the normal methodology used for that product, is inconsistent with trades, bids or offers in other months/ strikes during the closing range, or other relevant market information, or if there is no relevant market activity, an Exchange official may establish a settlement price that best reflects the true market valuation at the time of the close.
9. For products cleared by the Clearing House on behalf of another entity, the settlement price shall be determined according to the rules of such entity.
10. Notwithstanding the above, in the case of inaccuracy or unavailability of a settlement price, or if a settlement price creates risk management concerns for the Clearing House, the Clearing House reserves the right to calculate settlement variation using an alternate price determined by the Clearing House.

Text of former CME Rule 813

~~813. SETTLEMENT PRICE~~

~~The settlement price shall be a price consistent with the minimum fluctuations of a commodity. Settlement prices shall be determined each business day for each commodity pursuant to the procedures set forth below. The procedure used to determine the settlement price of a commodity will depend on the product group, level of closing range activity and liquidity, and the bid – ask width and size, if settled to Globex.~~

~~1. The time and sales procedure is used when a trade occurs in the closing range (either the last 30 or 60~~

~~seconds). The first trade and every subsequent quote (trade, bid, offer) in the closing range are included in the calculation. The midpoint of the high and low quotes is the settlement price. If a midpoint cannot be determined, the settlement price is the price closer to the prior day's settlement price.~~

~~2. The last quote procedure is used when no trades occur in the closing range (either the last 30 or 60 seconds). The last valid quote of the day (trade, higher bid or lower offer) is the settlement price. In the event there are no valid quotes during the day, the settlement price will be the prior day's settlement price.~~

~~3. The bid-ask midpoint procedure is used for transactions that occur on Globex. The midpoint of the low bid and the high offer of the Globex closing range (either the last 30 or 60 seconds) is the settlement price. If a midpoint cannot be determined, the settlement price is the price closer to the prior day's settlement price.~~

~~4. When relevant spread trading information is available, it may also be used to assist in the calculation of settlement prices. (For example, Front and Red Eurodollars may be adjusted for calendar or fly spreads.)~~

~~5. In illiquid commodities, where there is no relevant market activity, any applicable market information, such as spot or cash markets, may be used to determine the settlement price.~~

~~6. Notwithstanding any of the foregoing and applicable for Australian Dollar, British Pound, Canadian Dollar, Euro, Japanese Yen and Swiss Franc futures contracts initially, the settlement price for the nearby liquid Currency Futures contract month shall equal the volume weighted average price of sales on CME Globex during the 30-second closing range (usually 1:59:30 to 1:59:59 PM Central Time), provided such volume weighted average price is based upon at least three transactions ("Tier 1"). If less than three transactions or no sales occur in the 30 second closing range, then the settlement price shall be determined by the average of the nearby liquid futures contract month bid and offer spread during the 30 second closing range ("Tier 2"). If a settlement price cannot be determined by procedures given in the previous two sentences, then the settlement price for the nearby liquid Currency Futures contract month shall be determined by referencing as appropriate underlying spot prices and forward points ("Tier 3").~~

~~Then, all other Currency Futures contract month settlement prices shall be determined by applying the previous day's settlement price spread differentials as appropriate to the nearby liquid Currency Futures contract month settlement price as determined by the prior three sentences.~~

~~7. Notwithstanding any of the foregoing, settlement prices for the E-Mini Standard and Poor's 500 Stock Price Index Futures, the E-Mini Standard and Poor's SmallCap 600 Index Futures, the E-Mini Nasdaq 100 Index Futures, the E-mini Three-month Eurodollar futures and the E-Mini Currency Futures contract months shall equal the settlement prices for the corresponding contract months of the Standard and Poor's 500 Stock Price Index Futures, the Standard and Poor's SmallCap 600 Index Futures, the Nasdaq 100 Index Futures, Three-month Eurodollar Futures and the Currency Futures, respectively. Further, the settlement price for the E-mini Five-Year Eurodollar Bundle Futures shall be the average of the settlement price for the underlying Eurodollar futures, rounded to the nearest 0.00001 IMM Index Points.~~

~~8. Options settlements are derived utilizing key market information, such as; outright bids and offers, implied volatility, the underlying futures movement, and relevant spread orders.~~

~~9. Notwithstanding the above, if a settlement price in any product, as derived by the normal methodology used for that product, is inconsistent with trades, bids or offers in other months during the closing range or with other market information, an Exchange official may establish a settlement price that best reflects the true market valuation at the time of the close.~~

~~10. For products cleared by the Clearing House on behalf of another exchange, market or Marketplace other than the Exchange, the settlement price shall be determined according to the rules of such entity.~~

~~11. Notwithstanding the above, in the case of inaccuracy or unavailability of a settlement price from the Exchange, another exchange, market or Marketplace, or if such settlement price would create risk management concerns for the Clearing House, the Clearing House reserves the right to calculate settlement variation using an alternate price determined by the Clearing House.~~

Text of former CBOT Rule 813

~~813. SETTLEMENT PRICE~~

~~Unless otherwise specified by Exchange regulation or policy, the daily settlement price for each contract shall be determined by the relevant Pit Committee at the close of open auction trading hours. The settlement price shall be determined by the Pit Committee based on various factors including, but not limited to (a) the prices that traded during the close; (b) the volume traded at particular prices within the closing range; (c) bids and offers made during the close; (d) the prices at which spreads traded during the close; and (e) the settlement price(s) of related contracts. If the proposed settlement price differs from the midpoint of the closing range for a particular contract, the Pit Committee will document the basis for the deviation from the midpoint. Such documentation must be signed by two members of the Pit Committee.~~

~~Notwithstanding the above, in the case of inaccuracy or unavailability of a settlement price from the Exchange, another exchange, market or Marketplace, or if such settlement price would create risk management concerns for the Clearing House, the Clearing House reserves the right to calculate settlement variation using an alternate price determined by the Clearing House.~~

Text of former NYMEX Rule 813

~~813. SETTLEMENT PRICE~~

~~(A) The daily settlement price for each contract traded on the Exchange shall be determined by the relevant Settlement Price Committee ("Committee") at the close of the RTH trading session, or as soon as practicable thereafter, using the procedures set forth in this rule. The Committee shall consist of such members and representatives of non-member firms as may be appointed by the Exchange.~~

~~(1) For each futures and options contracted traded on the Exchange Floor and on Globex, the Committee shall be divided into sub-committees. To the extent possible, each sub committee shall consist of at least six (6) Members for the applicable Exchange Division, at least one of whom shall be a Floor Broker, one of whom shall be a Floor Trader, and one of whom shall represent trade interests (either personal, of his employer, or of a substantial customer base). Additionally, one Exchange employee may be a voting member of the Committee and the Exchange employee shall have final authority in all instances to veto and override price determinations made by the Committee.~~

~~(2) For all futures and options contracts traded solely on NYMEX ClearPort® Trading or solely on Globex, the Committee shall consist of such Exchange employees, Members and non-Members and representatives of Members and non-Member firms as may be appointed by the Exchange.~~

~~(B) The Committee, or any subcommittee thereof, shall have the authority to request from any member representing that certain market information should be considered in the determination of a settlement price, such documentation as it deems appropriate including, but not limited to, trading cards or records created using an Approved Handheld, and order tickets.~~

~~(C) If The Committee or any subcommittee thereof believes that any settlement price arrived at through the application of the formulas specified in the Settlement Rules is inappropriate, it shall settle the futures or options contracts at a price it judges to be proper, in their best judgment at a level consistent with such other transactions or market information, including but not limited to, information from open outcry and electronic trading venues. For any price established by use of the Committee's discretion, the Committee shall prepare a written explanation of its reasons for deviating from the price which would have been established by application of Settlement Rules.~~

~~813.A. NYMEX Division~~

~~(A) Settlement Prices for Crude Oil, Heating Oil and New York Harbor Gasoline Blendstock (RBOB) Futures Contracts~~

~~(1) For crude oil, heating oil and New York Harbor Gasoline Blendstock (RBOB) futures contracts, the settlement price for each delivery month that:~~

~~(a) as of the opening of business for that day has more than ten percent (10%) of the total open interest for all delivery months of the futures contract and~~
~~(b) for which 30% of the closing range volume in that commodity is done in that delivery month (excluding, for the purposes of this calculation, volume done during the closing range on the last day of trading in an expiring contract), shall be the weighted average price (rounded to the nearest minimum fluctuation) of all outright transactions including both trades executed on the trading floor by open outcry and trades executed electronically in that delivery month which occur in the closing range.~~

~~(c) Additionally, TAS volume, if applicable, shall not be included as closing range volume for the purpose of item (b) above, to determine percentage of closing range volume in a delivery month. TAS volume shall not be used to calculate settlement.~~

~~(d) Notwithstanding the qualifications cited in items 1(a) –(c) above, the current delivery month or spot month will always be the weighted average price (rounded to the nearest minimum fluctuation) of all outright transactions including both trades executed on the trading floor by open outcry and trades executed electronically. Further, a month which may qualify for weighted average treatment pursuant to items 1(a)-(c) above, that is also eligible for TAS~~

~~transactions, will be disqualified from weighted average treatment if the closing range volume in the contract month is not at least 25% of the TAS volume in such contract month.~~

~~(2) In all other delivery months for such futures contracts that do not satisfy the open interest and volume criteria set forth in paragraph (A), the settlement price shall be determined based upon spread relationships between and among contract months, which relationships shall be determined in the judgment of the Committee with:~~

~~(a) greatest weight given to spreads executed on the trading floor by open outcry late in the trading day in large volumes, and~~

~~(b) lesser weight given to~~

~~(i) spreads traded on the trading floor by open outcry in lesser volumes,~~

~~(ii) spread bids and offers actively represented on the trading floor by open outcry late in the trading day, and~~

~~(iii) spread transactions, bids and offers from earlier in the trading day on the trading floor by open outcry, provided that, in any circumstance where the Committee is considering bids and offers for spreads, it shall consider the mid-point of the best bid and best offer and not the individual best bid or best offer. In the event of a "price spike in the closing range" in any contract month where the settlement price is determined by weighted average according to the open interest and volume criteria set forth in paragraph (A), the Committee may disregard the settlement price for a spiked month in considering spread relationships pursuant to this paragraph. For the purpose of this rule, a "price spike in the closing range" shall have occurred if, in the sole discretion of the Committee, a significant change in the spread relationships between the "spiked month" and the contract months immediately preceding and following such month occurred during the closing range. Notwithstanding the foregoing, no settlement price shall be established that would be lower than the best bid, or higher than the best offer that: (a) was for at least 100 contracts for outrights or at least 200 contracts for spreads in crude oil futures contracts or for at least 50 contracts (outrights or spreads) for heating oil or gasoline futures contracts or for at least 10 contracts for coal futures, and (b) had been posted with the Exchange and remained available for execution and unfilled for the final fifteen (15) minutes of trading.~~

~~(3) If any settlement price, determined pursuant to paragraphs (A)(1) or (2), is inconsistent with transactions that occurred during the closing range in other delivery months of the same futures contract or with market information known to the Committee, (including, but not limited to, either floor trading or electronic trading, (i) bids or offers for outright transactions and spreads that were unfilled during the closing range, (ii) bids, offers or transactions in strips, and (iii) outright transactions executed prior to the closing range) the Committee may establish a settlement price at a level consistent with such other transactions or market information. In such event the Committee shall prepare a written record of the basis for any settlement price so established.~~

~~(4) In the event that the Committee: establishes a settlement price in accordance with sections (A)(1) or (2) of this Rule; determines that a "price spike in the closing range occurred", in accordance with subsection (A)(2)(iii) of this Rule; or fails to determine a settlement price by unanimous agreement of the six Members designated by the Exchange to establish settlement prices pursuant to Rule 6.51, the Committee shall prepare a written record of the basis upon which it established such settlement price.~~

~~(B) Settlement Prices for Natural Gas Futures Contracts~~

~~Settlement prices will be determined as follows:~~
~~(1) The settlement price for each delivery month that: (a) as of the opening of business for that day has more than ten percent (10%) of the total open interest for all delivery months of the futures contract and (b) for which 30% of the closing range volume in that commodity is done in that delivery month (excluding, for the purposes of this calculation volume done during the closing range on the last day of trading in an expiring contract), shall be the weighted average price (rounded to the nearest minimum fluctuation) of all outright transactions including both trades executed on the trading floor by open outcry and trades executed electronically in that delivery month which occur in the closing range. (c) Additionally, trading at settlement (TAS) volume, if applicable, shall not be included as closing range volume for the purpose of item (b) above, to determine percentage of closing range volume in a delivery month. TAS volume shall not be used to calculate settlement.~~

~~(2) Notwithstanding the qualifications cited in items 1(a)-(c) above, the current delivery month or spot month will always be the weighted average price (rounded to the nearest minimum fluctuation) of all outright transactions including both trades executed on the trading floor by open outcry and trades executed electronically. Further, a month which may qualify for weighted average treatment pursuant to items a-c above, that is also eligible for TAS~~

~~transactions, will be disqualified from weighted average treatment if the closing range volume in the contract month is not at least 25% of the TAS volume in such contract month.~~

~~(3) In all other delivery months for such futures contracts that do not satisfy the open interest and volume criteria set forth in paragraph (1), the settlement price, shall be determined in the best judgment of the Committee based upon trades or orders that are bid/offered and posted pursuant to prescribed procedures in the last 30 minutes of trading on the trading floor by open outcry: outrights for a volume of 100 lots in any of the first 24 listed contract months, or outrights for a volume of 100 lots beyond the 24th contract month that have reached a minimum open interest of 10,000 contracts based upon the open interest published at noon on a trading day; intracommodity spreads for a volume of 100 lots/month; and intracommodity strips for a volume of 30 lots/month for a yearly or 50 lots/month for a seasonal. Priority will be given first to outrights, then spreads, then strips, that meet the criteria above. Provided further, that an order that met the original volume requirement and was partially filled with the balance still open, will be honored. Additionally, Floor Members posting any orders shall be held to filling them unless the order was cancelled during the posting period with appropriate notice to the market. Cancelled orders will not be honored for settlement purposes.~~

~~(4) For any contract months not otherwise addressed in Sections (1) and (2) of this rule, or if any settlement price, determined pursuant to paragraphs (1) or (2), is inconsistent with transactions that occurred during the closing range in other delivery months of the same futures contract or with market information known to the Committee, (including, but not limited to, either floor trading or electronic trading), the Committee shall be bound to consider all relevant available data but shall not be bound by data from any one type of market information. Such other market information includes but is not limited to the following:~~

~~Executed trades, bids or offers for outrights, spreads and strips provided before the last 30 minutes of the trading day transactions including both floor trading and Electronic Trading, an Exchange settlement price model, and relevant OTC market data as further specified below;~~

~~The Exchange settlement price model will be calibrated so that it is generally mathematically consistent with market price information provided through Sections (1) and (2); and OTC market quotes, if available, may be considered for outrights, spreads and strips supplied by OTC brokers who are registered with NYMEX for NYMEX ClearPort® Clearing.~~

~~The Committee shall prepare a written record for any settlement price determined pursuant to Section (3) of this rule.~~

~~(6) Notwithstanding the above, the settlement price for a delivery month in the Henry Hub Swap futures contract will be the settlement price for the corresponding delivery month in the Natural Gas futures contract, provided however that the final settlement for an expiring delivery month in the Henry Hub Swap futures contract will be determined in accordance with the terms of Chapter 508 (Henry Hub Swap).~~

~~(C) Settlement Prices for Propane Gas Products~~

~~(1) For each propane futures contract, the settlement price for each delivery month that: (a) as of the opening of business for that day has more than ten percent (10%) of the total open interest for all delivery months of the futures contract and (b) for which 30% of the closing range volume in that commodity is done in that delivery month (excluding, for the purposes of this calculation volume done during the closing range on the last day of trading in an expiring contract), shall be the weighted average price (rounded to the nearest minimum fluctuation) of all outright transactions including both trades executed on the trading floor by open outcry and trades executed electronically in that delivery month which occur in the closing range. If there are no such transactions in the closing range, the settlement price shall be the last trade price, unless a bid higher or offer lower than the last trade price is made in the closing range. Such higher bid or lower offer shall be the settlement price.~~

~~(2) In all other delivery months for such futures contracts that do not satisfy the open interest and volume criteria set forth in paragraph (1), the settlement price shall be determined based upon spread relationships between and among contract months, which relationships shall be determined in the judgment of the Committee with: (a) greatest weight given to spreads executed on the trading floor by open outcry late in the trading day in large volumes, and (b) lesser weight given to (i) spreads traded on the trading floor by open outcry in lesser volumes, (ii) spread bids and offers actively represented on the trading floor by open outcry late in the trading day, and (iii) spread transactions, bids and offers from earlier in the trading day on the trading floor by open outcry.~~

~~(D) Settlement Prices for PJM Electricity Monthly Futures Contract~~

~~(1) For each PJM Electricity Monthly futures contract, the settlement price for each delivery month that: (a) as of the opening of business for that day has more than ten percent (10%) of the total open interest for all delivery months of the futures contract and (b) for which 10% of the closing range volume in that commodity is done in that delivery~~

~~month (excluding, for the purposes of this calculation volume done during the closing range on the last day of trading in an expiring contract), shall be the weighted average price (rounded to the nearest minimum fluctuation) of all outright transactions in that delivery month which occur in the closing range.~~

~~(2) In all other delivery months for such futures contracts that do not satisfy the open interest and volume criteria set forth in paragraph (A)(1), the settlement price shall be determined based upon spread relationships between and among contract months, which relationships shall be determined in the judgment of the Committee with: (a) greatest weight given to spreads or strips executed late in the trading day in large volumes, and (b) lesser weight given to (i) spreads or strips traded in lesser volumes, (ii) spread or strip bids and offers actively represented late in the trading day, and (iii) spread or strip transactions, bids and offers from earlier in the trading day. Notwithstanding the foregoing, no settlement price shall be established that would be lower than the best bid, or higher than the best offer that: (a) was for at least 20 contracts for outrights or 20 contracts for spreads, and (b) had been posted with the Exchange and remained available for execution and unfilled for the final twenty (20) minutes of trading.~~

~~(E) Settlement Prices - e-miNY Contracts~~

~~(1) Crude Oil e-miNY: The settlement price for each contract month will be equal to the NYMEX Light, Sweet Crude Oil Futures contract settlement price for the corresponding contract month.~~

~~(2) Natural Gas e-miNY: The settlement price for each contract month will be equal to the NYMEX Natural Gas futures contract settlement price for the corresponding contract month.~~

~~(F) Settlement Price Procedures for Platinum and Palladium Contracts~~

~~(1)(a) The term "base month" shall mean, with respect to Platinum, the January, April, July or October delivery months and, with respect to Palladium, the March, June, September, or December delivery months, (b) The term "most active month" shall mean the nearest base month that has the largest daily trading volume, provided however, that if a base month other than the nearest base month has larger daily trading volume on any day, the most active month shall be such base month until the daily trading volume in such month is less than the next succeeding base month.~~

~~(2) The settlement price for the most active month shall be the weighted average price (rounded to the nearest minimum fluctuation) of all outright transactions that occur in the closing range including both trades executed on the trading floor by open outcry and trades executed electronically. If no outright transactions occur in the closing range, the settlement price shall be the last trade price, unless during the closing range a bid higher or offer lower than the last trade price is made. In such event, such higher bid or lower offer shall be the settlement price.~~

~~(3) The settlement prices of all delivery months other than the most active month shall be the price relationships established by spread differentials between such most active month and such other month executed on the trading floor by open outcry. Spread differentials shall be determined by the last spread transaction. If no spread transaction occurred on such day such differential shall be the average of the last bid and offer for such spread. If no spread transactions have occurred on such day and there were no bids or offers for such spread on such day, the spread differential shall be the spread differential of the settlement prices for the previous business day.~~
~~(4) Daily Settlement Prices for NYMEX Asian Platinum and Palladium Futures Contracts. This Section (4) shall apply for determination of settlements prices for all trading days of a listed contract month in the applicable NYMEX Asian futures contract except for the final day of trading. Final settlement for each of these contracts will be determined as provided in the terms and conditions rule chapter for the applicable futures contract.~~

~~(a) The settlement price for each NYMEX Asian Platinum contract month that is also listed for floor trading will be equal to the Platinum futures contract settlement price for the corresponding contract month, except that it shall be converted into a dollar value that corresponds to the value of a contract quantity of 500 grams. The settlement price for each NYMEX Asian Palladium contract month that is also listed for floor trading will be equal to the Palladium futures contract settlement price for the corresponding contract month, except that it shall be converted into a dollar value that corresponds to the value of a contract quantity of 500 grams.~~

~~(b) The settlement price for any contract month of a NYMEX Asian futures contract where there is not a corresponding contract month listed for the regular size futures contract shall be determined by the President's designee. For purposes of this rule, the President's designee shall refer to Exchange staff from various Exchange departments assigned to this responsibility (hereafter "Staff"). Staff in its sole discretion and judgment shall determine settlement prices for such contract months by considering all relevant market information and data deemed to be appropriate, and such information may include, but is not limited to, consideration of spread relationships among contract months.~~

~~(G) NYMEX Options Settlement Premiums~~

~~The Settlement premiums for option series shall be determined upon the following procedures:~~

~~(1) With the exception of the day of expiration, option settlement premiums shall be determined in accordance with the following:~~

~~a. For call (put) options whose strike price is greater (less) than or equal to the settlement price of the underlying futures contract and have traded during the closing range, the option settlement premium shall be based on, but not limited to, (i) the price traded, (ii) volume traded, (iii) the underlying futures price, (iv) the bid/offer spread on the underlying future, and (v) the length of time between a trade and the close of trading.~~

~~b. For call (put) options whose strike price is less (greater) than the settlement price of the underlying futures contract and have traded during the closing range, the option settlement premium will be determined consistent with the corresponding put (call) using an appropriate option pricing model.~~

~~c. i) For Natural Gas and European Natural Gas Options: Orders that are bid/offered and posted pursuant to prescribed procedures at least fifteen (15) minutes before the close and throughout the closing range shall be considered for settlement by the Committee (the "Committee") according to the following priority: Outrights for at least 200 lots, then Straddles for at least 100 lots, then Spreads for at least 200 lots, then strips which have a cumulative total of at least 250 lots. Any member wishing to protect a bid or offer posted during that period must remain available to the Committee until settlements are final and provide appropriate documentation of the bid or offer if requested by the Committee. Further, the Committee shall not consider any posted order referenced above which does not effect the output of the appropriate options pricing model by at least three (3) ticks when settling the market on any day.~~
~~ii) For Crude Oil and European Crude Oil Options: Orders that are bid/offered and posted pursuant to prescribed procedures at least fifteen (15) minutes before the close and throughout the closing range shall be considered for settlement by the Committee (the "Committee") according to the following priority: Outrights for at least 200 lots, then Straddles for at least 100 lots, then Spreads for at least 200 lots, then strips which have a cumulative total of at least 250 lots. Any member wishing to protect a bid or offer posted during that period must remain available to the Committee until settlements are final and provide appropriate documentation of the bid or offer if requested by the Committee. Further, the Committee shall not consider any posted order referenced above which does not effect the output of the appropriate options pricing model by at least three (3) ticks when settling the market on any day.~~

~~iii) For Calendar Spread Options: Orders that are bid/offered and posted pursuant to prescribed procedures at least fifteen (15) minutes before the close and throughout the closing range shall be considered for settlement by the Committee (the "Committee") according to the following priority: Outrights for at least 100 lots, then Straddles for at least 50 lots, then Spreads for at least 100 lots, then strips which have a cumulative total of at least 150 lots. Any member wishing to protect a bid or offer posted during that period must remain available to the Committee until settlements are final and provide appropriate documentation of the bid or offer if requested by the Committee. Further, the Committee shall not consider any posted order referenced above which does not effect the output of the appropriate options pricing model by at least three (3) ticks when settling the market on any day.~~

~~iv) For all other Options: Bids and offers for twenty five (25) lots or more that have been posted at least ten (10) minutes before the close and throughout the closing range shall be considered for settlement, unless the Committee determines that it is unreasonable to do so given spread relationships at the close of trading. Any member wishing to protect a bid or offer posted during that period must remain available to the Committee until settlements are final and provide appropriate documentation of the bid offer if requested by the Committee.~~

~~d. The Committee shall endeavor to use its best efforts to maintain appropriate price spread relationships between and within listed months.~~

~~(2) On the day of option expiration, the option settlement premium shall be determined in accordance with the following:~~

~~a. For call (put) options whose strike price is greater (less) than or equal to the settlement price of the underlying futures contract the option settlement premium shall be the minimum tick size.~~

~~b. For call (put) options whose strike price is less (greater) than the settlement price of the underlying futures contract, the option settlement premium shall be determined on the basis of the absolute difference between the futures price and the strike price.~~

~~(3) If, using the procedures specified in Subsections (1) or (2) above, a settlement premium being considered for a particular option would not be consistent with (a) trades made during the closing range in other option series on the same underlying future, (b) the settlement price of the underlying future, or (c) market information (including but not limited to either open outcry trading or electronic trading) that is either known by Committee members or brought to their attention by Exchange officials, then the Committee may establish a settlement premium that is consistent with other trades, the settlement price of the underlying future, or market information. In all instances in which the Committee establishes a settlement premium pursuant to this Section (3), the Committee shall prepare a written record setting forth the basis for such settlement premium.~~

~~(4) After settlements for all contract months for a particular contract are completed by the Committee, there will be a ten minute period where members can object to a particular settlement. Following this ten minute period, members may no longer make objections to the settlement premiums.~~

~~813.B. COMEX Division~~

~~(A) Settlement Prices for Gold and Silver Contracts~~

~~(1) Active Month. The settlement price of the most active futures contract month shall be the average (rounded to the nearest price tick) of the highest and lowest prices of all outright transactions executed on the trading floor by open outcry for that delivery month during the closing period, except as otherwise provided in this Rule or in Rule 813.(E)("Use of Discretion to Establish Settlement Price").~~
~~(2) In All Other Delivery Months. The settlement prices shall be determined based upon spread relationships between and among contract months, which relationships shall be determined in the judgment of the Committee with: (a) greater weight given to spreads executed at open outcry later in the trading day in large volumes, and (b) lesser weight given to (i) spreads traded at open outcry in lesser volumes, (ii) spread bids and offers actively represented on the trading floor later in the trading day, and (iii) spread transactions, bids and offers from the trading floor from earlier in the trading day.~~

~~(B) Daily Settlement Prices - COMEX miNY Futures Contracts, E-mini Gold Futures Contract, E mini Silver Futures Contract and COMEX Asian Gold Futures Contract~~

~~This rule shall apply for determination of settlements prices for all trading days of a listed contract month except for the final day of trading. Final settlement for each of these contracts will be determined as provided in the terms and conditions rule chapter for the applicable futures contract.~~
~~(1) COMEX miNY Gold Futures and E-mini Gold Futures. The settlement price for each contract month that is also listed for floor trading will be equal to the COMEX Gold futures contract settlement price for the corresponding contract month.~~

~~(2) COMEX miNY Silver Futures and E mini Silver Futures. The settlement price for each contract month that is also listed for floor trading will be equal to the COMEX Silver futures contract settlement price for the corresponding contract month.~~

~~(3) COMEX miNY Copper Futures. The settlement price for each contract month that is also listed for floor trading will be equal to the COMEX Copper futures contract settlement price for the corresponding contract month.~~

~~(4) COMEX Asian Gold Futures. The settlement price for each contract month that is also listed for floor trading will be equal to the COMEX Gold futures contract settlement price for the corresponding contract month, except that it shall be converted into a dollar value that corresponds to the value of a contract quantity of 1,000 grams.~~

~~(5) For each of the above listed COMEX futures contracts, the settlement price for any contract month of a miNY, and an E-mini futures contract where there is not a corresponding contract month listed for the regular size futures contract shall be determined by the President's designee. For purposes of this rule, the President's designee shall refer to Exchange staff from various Exchange departments assigned to this responsibility (hereafter "Staff") Staff in its sole discretion and judgment shall determine settlement prices for such contract months by considering all relevant market information and data deemed to be appropriate, and such information may include, but is not limited to, consideration of spread relationships among contract months.~~

~~(C) Settlement Price Procedures for Copper Contracts~~

~~(1)(a) The term "base month" shall mean the March, May, July, September and December delivery months.~~

~~(b)The term "most active month" with respect to this Rule and the Rules in Chapters 111 and 117 shall mean the base month that is not the current delivery month, with the greatest reported open interest on the official COMEX daily open interest report.~~

~~(2) The settlement price for the current delivery month shall be comprised of the weighted average price (rounded to the nearest minimum fluctuation) of all outright transactions including both trades executed on the trading floor by open outcry and trades executed electronically in that delivery month which occur in the closing range combined with the weighted average price of all spreads executed by open outcry between the current delivery month and the most active month during the final 30 minutes of trading. If no outright transactions occur in the closing range or no spreads are executed during the final 30 minutes of trading in the current delivery month, or, if in the opinion of the Committee, the settlement price determined is inconsistent with value indicated by other spread relationships established during the last thirty minutes of trading, the spread relationships occurring within the last thirty minutes, between and among contract months from the current delivery month to the most active month, shall be utilized by the Committee in their best judgment to establish a settlement price at a level consistent with such other transactions or market information, including but not limited to information from open outcry and electronic trading venues, with greater weight given to the weighted average of executed spread trades, and lesser weight given to the implied midpoint of spread bids and offers actively represented during the final 30 minute period of trading. In such event, the Committee shall prepare a written record of the basis for any settlement price so established.~~
~~(3) The settlement price for the most active month shall be the weighted average price (rounded to the nearest minimum fluctuation) of all outright transactions including both trades executed on the trading floor by open outcry and trades executed electronically in that delivery month which occur in the closing range. If no outright transactions occur in the closing range of the most active month, the settlement price shall be the last trade price from either the open outcry or the electronic venue, unless during the closing range a bid higher or offer lower than the last trade price is made. In such event, such higher bid or lower offer shall be the settlement price.~~

~~(4) In all other delivery months, the settlement prices shall be determined based upon spread relationships between and among contract months, which relationships shall be determined in the judgment of the Committee with: (a) greater weight given to spreads executed at open outcry later in the trading day in large volumes, and (b) lesser weight given to (i) spreads traded at open outcry in lesser volumes, (ii) spread bids and offers actively represented at open outcry later in the trading day, and (iii) spread transactions, bids and offers at open outcry from earlier in the trading day. Notwithstanding the foregoing, no settlement price shall be established that would be lower than the best outright bid, or higher than the best outright offer, that: (a) was for at least 20 contracts, and (b) had been posted with the Exchange and had remained available for execution and unfilled for the final 30 minutes of trading of that trading day.~~

~~(5) Exception - Matched Order Price. The settlement price for the nearest copper futures delivery month (spot) shall be the matched order price established pursuant to Rule 104.42 ("Matched Orders"). If the only trades entered into during the closing period were effected through matching, the contract will be settled by the respective subcommittee of the Committee in accordance with this Rule.~~

~~(D) Settlement Price Procedures for Aluminum Contracts~~

~~(1) For aluminum futures contracts, the settlement price for the current delivery month and the delivery month with the greatest reported open interest on the official COMEX daily open interest report that is not the current delivery month shall be the weighted average price (rounded to the nearest minimum fluctuation) of all outright transactions in that delivery month including both trades executed on the trading floor by open outcry and trades executed electronically in that delivery month which occur in the closing range. If no outright transactions occur in the closing range of either the current deliver month and the deliver month with the greatest reported open interest on the official COMEX daily open interest report that is not the current delivery month, the settlement price for the applicable month shall be the last trade price from either the open outcry or electronic venue, unless during the closing period a bid higher or offer lower than the last trade price is made. In such event, such higher bid or lower offer shall be the settlement price.~~

~~(2) In all other delivery months for such futures contracts, the settlement price shall be determined based upon spread relationships between and among contract months, which relationships shall be determined in the judgment of the Committee with: (a) greater weight given to spreads executed at open outcry late in the trading day in large volumes, and (b) lesser weight given to (i) spreads traded at open outcry in lesser volumes, (ii) spread bid and offers actively represented at open outcry late in the trading day, (iii) spread transactions, bids and offers at open outcry from earlier in the trading day. Notwithstanding the foregoing no settlement price shall be established that would be lower than the best outright bid, or higher than the best outright offer, that: (a) was at least for 20 contracts, and (b) had been posted with the Exchange and had remained available for execution and unfilled for the final 30 minutes of trading of that trading day.~~

~~(3) If any settlement price, determined pursuant to Paragraph (1) or (2), is inconsistent with transactions that occurred during the closing range for other delivery months of the same futures contract (including, but not limited to, either open outcry trading or electronic trading) or with other market information known to the Committee (including but not limited to either open outcry trading or electronic trading), the Committee may establish a settlement price at a level consistent with such other transactions or market information. In such event, the Committee shall prepare a written record of the basis for any settlement price so established.~~

~~(E) Option Settlement Premiums~~

~~The settlement premiums for option series shall be determined upon the following procedures:~~
~~(1) With the exception of the day of expiration, option settlement premiums shall be determined in accordance with the following:~~
~~a. For call (put) options whose strike price is greater (less) than or equal to the settlement price of the underlying futures contract and have traded during the closing range, the option settlement premium shall be based on, but not limit to, (i) the price traded, (ii) volume traded, (iii) the underlying futures price, (iv) the bid/offer spread on the underlying future, and (v) the length of time between trade and the close of trading.~~

~~b. For call (put) options whose strike price is less (greater) than the settlement price of the underlying futures contract and have traded during the closing range, the option settlement premium will be determined consistent with the corresponding put (call) using an appropriate option pricing model.~~

~~c. Bids and offers for twenty five (25) lots or more that have been posted at least ten (10) minutes before the close and throughout the closing range shall be considered for settlement, unless the Committee ("Committee") determines that it is unreasonable to do so given spread relationships at the close of trading. Any member wishing to protect a bid or offer posted during that period must remain available to the Committee until settlements are final and provide appropriate documentation of the bid offer if requested by the Committee.~~

~~d. The Committee shall endeavor to use its best efforts to maintain appropriate price spread relationships between and within listed months using an appropriate options model.~~

~~(2) On the day of option expiration, the option settlement premium shall be determined in accordance with the following:~~

~~a. For call (put) options whose strike price is greater (less) than or equal to the settlement price of the underlying futures contract the option settlement premium shall be zero.~~

~~b. For call (put) options whose strike price is less (greater) than the settlement price of the underlying futures contract, the option settlement premium shall be determined on the basis of the absolute difference between the futures price and the strike price.~~

~~(3) If, using the procedures specified in Subsections (1) or (2) above, a settlement premium being considered for a particular option would not be consistent with (a) trades made during the closing range in other option series on the same underlying future, (b) the settlement price of the underlying future, or (c) market information that is either known by Committee members or brought to their attention by Exchange officials (including but not limited to either open outcry trading or electronic trading) then the Committee may establish a settlement premium that is consistent with other trades, the settlement price of the underlying future, or market information. In all instances in which the Committee establishes a settlement premium pursuant to this Section (3), the Committee shall prepare a written record setting forth the basis for such settlement premium.~~

~~(4) After settlements for all contract months for a particular contract are completed by the Committee, there will be a ten minute period where members can object to a particular settlement. Following this ten minute period, members may no longer make objections to the settlement premiums.~~

~~813.C. NYMEX and COMEX Division Contracts Listed Only on Globex~~

~~(A) The terms of this rule shall generally govern the establishment of settlement prices for futures contracts that are listed for trading only on Globex®. For each NYMEX or COMEX financially settled contract based upon a physically settled NYMEX contract or COMEX futures contract, such contract shall be settled pursuant to the provisions of the physically settled NYMEX or COMEX futures contract in that commodity. For financially settled contracts, this rule shall govern only for trade dates other than the final day in an expiring contract month, and final settlement following termination in an expiring contract month in such contracts shall be determined in accordance with the chapter of rules for the applicable contract.~~

~~The settlement prices established pursuant to this rule shall be determined by the President's designee. The President's designee in his sole discretion and judgment shall determine settlement prices for purposes of clearing and settlement for that contract. Staff shall determine such prices by considering market information deemed to be appropriate, and such information may include, but is not limited to:~~
~~(1) trading activity on Globex;~~

~~(2) price data obtained from a cross-section of over-the-counter ("OTC") brokers collectively representing both buyers and sellers in OTC markets;~~
~~(3) price data obtained from OTC market participants, considering both buyers and sellers in such markets;~~

~~(4) price data from other sources deemed to be reliable and accurate; and~~

~~(5) other relevant data and information.~~

~~(B) The closing range for each NYMEX and each COMEX Product that is listed for trading only on GLOBEX for each day of trading, including the closing range on the final day of trading in such contract listed for trading only on such system, shall include all trades made within the last (10) ten minutes of the applicable trading session for such contract and all bids higher than as well as offers lower than any trade made within such periods.~~

~~813.D. Clearing House Right to Use Alternate Price~~

~~Notwithstanding the above Sections 813.A.-813.C., in the case of inaccuracy or unavailability of a settlement price from the Exchange, another exchange, market or Marketplace, or if such settlement price would create risk management concerns for the Clearing House, the Clearing House reserves the right to calculate settlement variation using an alternate price determined by the Clearing House.~~

NYMEX Rule 11.37

~~11.37 Settlement Prices for Contracts Traded Only on CME ClearPort Trading~~

~~(A) The terms of this rule shall generally govern the establishment of settlement prices for futures contracts that are listed for trading only on CME ClearPort Trading For cash-settled contracts, this rule shall govern only for trade dates other than the final day in an expiring contract month, and final settlement following termination in an expiring contract month in such contracts shall be determined in accordance with the chapter of rules for the applicable contract.~~

~~(B) The settlement prices established pursuant to this rule shall be determined by the President's designee. For purposes of this rule, the President's designee shall refer to Exchange staff from various Exchange departments assigned to this responsibility (hereafter 'Staff').~~

~~(C) Except with respect to the contracts listed in Sections (D) and (E) below, for each remaining contract, Staff in its sole discretion and judgment shall determine settlement prices for purposes of clearing and settlement for that contract. Staff shall determine such prices by considering market information deemed to be appropriate, and such information may include, but is not limited to:~~

~~(1) trading activity on CME ClearPort Trading;~~

~~(2) price data obtained from a cross-section of over-the-counter ("OTC") brokers collectively representing both buyers and sellers in OTC markets;~~

~~(3) price data obtained from OTC market participants, considering both buyers and sellers in such markets;~~

~~(4) price data from other sources deemed to be reliable and accurate; and~~

~~(5) other relevant data and information.~~

~~(D) With respect to the contracts listed below. Staff shall determine settlement prices for purposes of clearing and settlement for that contract based upon settlement prices for the applicable futures contract trading on the Exchange:~~
~~West Texas Intermediate Crude Oil Calendar Swap~~

~~New York Harbor No. 2 Heating Oil Crack Calendar Swap~~

~~New York Harbor Unleaded Gasoline Crack Calendar Swap~~

~~New York Harbor No. 2 Heating Oil Calendar Swap~~

~~New York Harbor Unleaded Gasoline Calendar Swap~~

~~(E) The Henry Hub Swap futures contract shall not be settled pursuant to this rule but rather shall be settled pursuant to the provisions of NYMEX Rule 6.52A ("Settlement Prices for Natural Gas Futures Contracts.") The Henry Hub Basis Swap futures contract shall be settled pursuant to the provisions of this rule. The NYMEX miNY Natural Gas futures contract shall not be settled pursuant to this rule but rather shall be settled pursuant to the provisions of NYMEX Rule 6.52A ("Settlement Prices for Natural Gas Futures Contracts.") The NYMEX miNY Crude Oil futures contract shall not be settled pursuant to this rule but rather shall be settled pursuant to the provisions of NYMEX Rule 6.52 ("Settlement Prices for Crude Oil, Heating Oil, Gasoline and Coal Futures Contracts.")~~

~~(F) Following determination of the settlement prices for a contract pursuant to this rule, such prices shall be utilized in clearing and settlement in accordance with Exchange procedures and operations.~~

CME Group Settlement Procedures

Equity Futures: For S&P and NASDAQ, the settlement price of the lead month contract is the midpoint of the closing range determined based on pit trading activity between 15:14:30-15:15:00 Central Time ("CT"). For all other equity indices, the Volume Weighted Average Price (VWAP) of trades executed on Globex between 15:14:30-15:15:00 CT is used to determine the settlement prices for the lead month contracts. Back month contract months are settled to traded or quoted spread relationships.

Equity Options: Exchange staff identifies "seed strikes" that include the at-the-money straddle and several out-of-the-money calls/puts. The midpoints of the bid/ask quotes in the seed strikes on Globex are used to create an implied volatility skew. The skew is adjusted based upon the underlying settlement price to automatically generate the out-of-the money settlement prices, and the in-the-money options are settled at parity. For longer dated options for which no Globex data exists, market participants provide bid/ask data for the seed strikes. Adjustments may be made to incorporate relevant pit data.

Non-Treasury Interest Rate Futures: Settlement prices in the front 12 quarterly Eurodollar contract months are based on Globex bid/ask activity between 13:59:00-14:00:00 CT. Settlement prices may be adjusted within the bid/ask range to accommodate calendar spreads and butterflies. Back month contract months are settled by Exchange officials based on market participant input, taking into account a CME-conducted survey for the last 5-year bundle as well as the additional Eurodollar futures settlement guidelines referenced on page 3 of this document. The Serial contract months settle to the VWAP of the prices on Globex between 13:59:00-14:00:00 CT or the midpoint of the bid/ask, with adjustments made to incorporate relevant spread activity. All other Non-Treasury Interest Rate contracts are settled using Globex trades and bid/ask activity between 13:59:00 – 14:00:00 CT.

Non-Treasury Interest Rate Options: Similar to the procedure used in equity options, settlements in the front year of expirations are generated based on the skew derived from taking the midpoint of the bid/ask quotes in Exchange-designated seed strikes from the pit and from Globex. The skew is adjusted based upon the underlying settlement price. The additional guidelines referenced on page 3 of this document are also utilized. All other contract months are settled by Exchange officials based upon input from market participants.
Treasury Futures: Globex trades in the lead month between 13:59:30-14:00:00 CT are used to derive the VWAP; back months are settled based on traded/quoted spread relationships.

Treasury Options: Same as Equity Options

FX Futures: For liquid currencies, Globex trades in the lead month between 13:59:30-14:00:00 CT are used to derive the VWAP; back months are settled based on traded/quoted spread relationships. Less liquid FX futures are settled based on cash market or other relevant information taking into account the forward rate.

FX Options: Same as Equity Options

Agricultural Futures: Livestock products are settled to the midpoint of the trades or the last valid price in the pit (including trades, higher bids, lower offers, or nominal close based on prior settle if no activity) between 12:59:30-13:00:00 CT. Dairy products are settled to the VWAP of the trades or the last valid price on Globex between 13:09:30-13:10:00 CT. The lead contract month in Corn, Soybean, Meal, Oil, and Oat futures is settled at the price at which the Pit Committee, in consultation with Exchange staff determines traded the preponderance of the volume in the closing range and the back contract months are settled to keep the spread relationships in line. The lead contract month in Wheat and Rice futures settle to the VWAP of trades on Globex between 13:14:00-13:15:00 CT and the next 4 contract months in Wheat and all deferred months in Rice are settled based on Globex spread data. Wheat futures beyond the fifth month are settled by the Pit Committee in consultation with Exchange staff based upon spread relationships.

Agricultural Options: Market participants provide quotes in Exchange-designated seed strikes which are used to generate the implied volatility skew and the skew is adjusted to the underlying futures settlement price. Dairy products are settled using a flat volatility determined by the at-the-money straddle.

Weather Futures: For outright monthly contract months, a combination of the last sale, higher bid, lower offer or midpoint of the bid/ask is used to derive settlements. For strips, if there is a Globex trade or a block trade, such trades are taken into account; if no such trades exist, the sum of the individual component months will determine the settlement. OTC market information is also referenced where appropriate.

Weather Options: Option trades are converted to "standard deviations" using a model based on Stephen Jewson's model for pricing Weather. This standard deviation creates prices in the entire options series which is then applied to the open strikes.

Housing Futures and Options: The futures are settled to the last trade or better bid/offer on Globex. Absent a trade or better bid/offer, the prior day settlement is used. The options are settled using volatility skews derived from the midpoints of the bid/ask in a given strike, tied to a futures level.

Energy Futures: The front month in NYMEX WTI Crude Oil, Natural Gas, Heating Oil, and RBOB futures is settled at the VWAP of trades occurring on Globex between 14:28:00-14:30:00 Eastern Time ("ET"). The settlements of the 2nd through 6th contract months are determined based on Globex spread data. All other contract months are settled by Exchange staff, in consultation with market participants, based upon traded/quoted spread relationships.

Energy Options: Exchange staff, in consultation with market participants, establish the at-the-money volatility and create the volatility surface for the out-of-the money puts and calls for all option series based on traded/quoted outrights and spreads, which is input into an options pricing model to determine the settlements for all strikes. Settlements may be adjusted to accommodate relevant orders.

Metal Futures: The lead contract month in all metal futures (with the exception of Copper) are settled to the midpoint of the trades executed in the ring during the closing range. All other contract months are settled based on traded/quoted spread relationships, as determined by Exchange officials, in consultation with market participants. The nearby Copper contract month with the largest open interest is settled based on the VWAP of all trades occurring on Globex and in the pit during the closing range. All other contract months are settled based on traded/quoted spread relationships, as determined by Exchange officials in consultation with market participants.

Metal Options: Exchange officials, in consultation with market participants, establish the at-the-money volatility and create the volatility surface for the out-of-the money puts and calls for all option series based on traded/quoted outrights and spreads, which is entered into an options pricing model to determine the settlements for all strikes. Settlements may be adjusted in accommodate relevant orders.

ClearPort Clearing: Unless otherwise specified in the contract terms or settled pursuant to one of the methods set forth above, Exchange staff will determine settlement prices based on relevant market data including, but not limited to, cleared prices, pricing data from market participants, the settlement prices of related products and any other pricing data from sources deemed reliable by staff.

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

Questions regarding settlements should be directed to Tom Lord, Director, Settlements, at 312.341.3116 or, for questions relating to settlements in Energy and Metals products, to William Doherty, Director, Settlements, at 212.299.2925.

Eurodollar Futures: Back-Month Settlement Guidelines

The first twelve quarterly contract months are settled based on the bid/ask of both outright and spread trades, with all other quarterly months settling based on the following guidelines.

1. Outright Orders (including both single months and strips)
2. Packs (Years 4-10 Blues through Coppers)
3. 3-month Calendar Spreads
4. 6-month Calendar Spreads
5. Pack vs. Pack Spreads
6. 12-month Calendar Spreads
7. Calendar Spreads Beyond 12 months
8. Butterfly Spreads (monthlies)*
9. Bundles
10. Butterfly Strip Spreads

Notes:

- All orders must be actively bid or offered to the market in the Blues and Golds (years four and five) at least **2 minutes** prior to the close. Orders in the Purples through Coppers (years six through ten) must be actively bid or offered to the market at least **10 minutes** prior to the close.

- A daily survey of representatives of the FCM community and the pit community will be utilized to assist in the determination of the last five-year bundle settlement. The settlement price for the last five years will be based upon the average price levels obtained from four surveys conducted in the last 10 minutes prior 14:00 CT.

- In the event that the above guidelines are not followed for any reason, written documentation will be required, which will include information on who was involved and what orders went into the decision.

- *All Butterfly Spreads will be considered, with 3-months having higher priority than 6-months, 6-months more than 9-months, etc.

Eurodollar Options Settlement Guidelines

Orders Eligible for Settlement Consideration

1. Outright Options (out-of-the-money only)
2. Straddles (at-the-money only, no contingent futures)
3. Strangles (equidistant from the at-the-money only)
4. Call and Put Spreads (out-of-the-money and at-the-money only)
5. Butterflies/Iron Butterflies/Ratios (1X2 only)
6. Condors/Christmas Trees
7. Outright Options vs. Futures (market delta only)
8. Intermonth Straddle (at-the-money only) and Call/Put Spreads (out-of-the-money only)

Notes:

- Orders not part of these Settlement Guidelines will not be considered in the daily settlement process.
- Outright markets on EOS will be considered for settlement purposes.
- No spreads with 2 or more legs that are in-the-money will be considered.
- No spreads that include a leg that is CAB offered will be considered.
- Put-Call parity will not be violated but the cost of carry may be adjusted when appropriate.
- Customers are reminded that orders must be openly bid or offered at least two minutes prior to the close to be eligible for consideration.
- Daily settlements cannot be changed after 3:00 P.M. CT unless under consideration prior to that time.
- Settlements should reflect mid-market prices whenever possible.
- In-the-money options are settled automatically at parity as described below.

In-the-Money Options Put-Call Parity Equation (Excludes legacy NYMEX Products)

In-the-money options are settled automatically by the Exchange in accordance with the put-call parity equation, taking into account the appropriate cost of carry.

In-the-money options settlement = (Out-of-the-money settlement + Intrinsic Value) – Cost of Carry

$$\text{Cost of carry} = \frac{\text{Intrinsic Value} \times \text{Interest Rate} \times \text{Days to Expiration}}{360} - \text{Risk of Early Exercise}$$

The cost of carry is rounded to the nearest minimum increment of the underlying futures contract.

For all products except Eurodollar options, the interest rate used is the average of the Broker Loan Rate and the Fed Fund Target Rate. In Eurodollar options, the interest rate is the rate implied by the daily settlement of the expiring quarterly Eurodollar future month.