TRADE AT SETTLEMENT (TAS)

FREQUENTLY ASKED QUESTIONS

February 2016

ICE Futures Canada (IFCA) allows Trade At Settlement (TAS) trades for certain futures contracts traded on the ICE electronic trading platform. This document is meant to provide information concerning TAS orders and TAS trading.

WHAT IS TAS?

TAS is a capability that allows a trader to enter an order to buy or sell an eligible futures contract during the course of the trading day at a price equal to the settlement price for that contract, or at a price up to five ticks (minimum price fluctuations) above or below the settlement price.

Examples:

For canola futures, the minimum price fluctuation is 10 cents per tonne. A canola trader may enter a TAS order at a price of 0, which means the trader wants to trade at the settlement price. Alternatively, the trader may enter a TAS order between +$0.10 and +$0.50, or between -$0.10 and -$0.50, which represent the relative differences between the TAS order and the eventual settlement price.

TAS buy and sell orders are matched on a first-in, first-out basis. Matched TAS trades will receive a trade price equal to the Exchange's daily settlement price for the respective futures contract month, plus or minus the TAS order differential.

WHEN ARE CONFIRMATIONS RECEIVED FOR TAS TRADES?

TAS trades are confirmed when TAS bids and offers match. A confirmation of a TAS trade indicates that a trade has been executed, and will be priced at the settlement price (0), or at the traded differential above or below the settlement price.

WHEN CAN TAS ORDERS BE ENTERED?

TAS buy and sell orders may be entered from the start of the pre-open period for the respective product, through the end of the settlement window each day. If a product has a settlement price that is determined before the end of the electronic trading day, TAS orders cannot be entered after the settlement period ends. For example, the settlement window for canola futures is from 1:14 pm to 1:15 p.m. CT, but electronic trading continues until 1:20 p.m. CT; therefore TAS orders for canola may not be entered after 1:15 p.m.

ARE THERE ANY RESTRICTIONS ON WHO IS ELIGIBLE TO EXECUTE A TAS TRADE?

No, any market participant is eligible to enter a TAS order and to execute a TAS trade.

WHAT CONTRACTS ARE ELIGIBLE FOR TAS TRADING?

Currently, IFCA offers TAS on canola futures.

WHAT CONTRACT MONTHS ARE ELIGIBLE FOR TAS TRADING?

For IFCA futures contracts enabled for TAS, the **first three** listed contract months are eligible for TAS trading on any trading day.

Note that TAS are no longer available for a given contract month beginning on First Notice Day for that contract month.

WHAT ABOUT TAS SPREAD TRADES?

TAS spread trading is enabled for all contracts for which TAS trading is offered on both spread legs.

AT WHAT PRICES CAN TAS SPREADS BE TRADED?

TAS spread trades can be executed at the spread differential between the daily settlement prices for the respective futures contract months, or up to five ticks above and below that spread differential.

WHAT IS THE SPREAD CONVENTION FOR TAS SPREADS?

The spread convention for TAS spreads is identical to the regular calendar spread convention for the particular product. That is, the spread buyer is buying the front month/selling the back month, and the spread seller is selling the front month/buying the back month, at the defined differential.

HOW ARE TAS SPREAD LEGS PRICED?

Like TAS outright trades, the prices of TAS spread legs are set after the daily settlement prices for the respective contracts are determined after the end of the settlement window for the respective product.

For TAS spreads traded at a price of zero (“at the settlement difference”), each leg of the TAS is priced at the settlement price of the respective futures contract in the spread.

For TAS Spreads traded at a differential above/below the settlement, the leg prices are set as follows:

Front Month – price is set at the settlement price for the respective contract;
Back Month – price is set at the settlement price for the respective contract plus the TAS spread trade price (which can be a positive number or a negative number).

HOW ARE TAS TRADES SUBMITTED TO CLEARING?

TAS trades are submitted to clearing throughout the day as they are matched.

TAS trades are initially submitted to clearing with the previous trading day's settlement price (when traded at 0), or with the previous trading day's settlement price plus or minus the traded differential when traded at a value other than 0.

Following publication of the Exchange's daily settlement price, the price of matched TAS trades is updated in clearing systems to the Exchange's daily settlement price, plus or minus the traded differential.

WHAT IS THE POLICY REGARDING TAS TRADES IN LIMIT UP/DOWN MARKETS?

In instances where a contract settles at limit up or limit down, the matched TAS trades will stand, notwithstanding the fact that resulting TAS may be priced outside the daily limits.

For example, suppose on Day 1 the May canola futures contract has settled at a price of $470.00, and on Day 2 TAS trades have been matched in the platform at a price of +$0.50, or five minimum ticks above the settlement price. If on Day 2 the May contract settles at a limit-up price of $500.00, the TAS trades at +$0.50 will stand, and will be priced at $500.50, or $0.50 above the limit-up price.