Trade At Settlement (TAS) and Trade At Morning Marker (TAMM)

Frequently Asked Questions

February 2012

ICE Futures U. S. allows Trade At Settlement, or "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 capability allows a trader to enter an order to buy or sell an eligible futures contract month during the course of the trading day at a price that will be equal to the settlement price for that contract month, or at a price that is up to two minimum price fluctuations above or below the settlement price.

Examples:

For Cotton No. 2 futures (CT), the minimum price fluctuation is .01 cents per pound. A trader may enter an order for a TAS trade at a price of 0 (which means the trader wants to trade at the CT settlement price), or at +1 or +2 (which would mean that the trader wants to trade at the CT settlement price plus one or two ticks, that is, the settlement plus .01 or plus .02), or at -1 or -2 (which means that the trader wanted to trade at the settlement price minus .01 or minus .02)

For Frozen Concentrate Orange Juice (FCOJ) futures, the minimum price fluctuation is.05 cents per pound. A trader may enter an order for a TAS trade at a price of 0 (which would mean the trader wanted to trade at the FCOJ settlement price), or at +5 or +10 (which would mean that the trader wanted to trade at the settlement price plus one or two ticks, that is, the FCOJ settlement plus .05 or plus .10), or at -5 or -10 (which would means that the trader wants to trade at the settlement price minus .05 or minus .10).

TAS buy and sell orders are matched on a first-in, first-out basis. After a TAS trade is matched, each TAS transaction will receive a trade price equal to, or one or two minimum fluctuations above or below, the Exchange's daily settlement price for the respective futures contract month.

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 at the settlement price (0), or at the agreed one or two tick interval 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 futures contract settlement window each day.

For products that have 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, as the settlement window for Sugar No. 11 futures is from 1:28 to 1:30 p.m. ET, but electronic trading continues until 2:00 p.m.; TAS orders for Sugar 11 may not be entered after 1:30 ET.

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?

TAS is available for the following futures contracts:

> Agricultural Contracts: Cotton No. 2 (CT), Frozen Concentrated Orange Juice (FCOJ), Sugar No. 11 (SB), Coffee “C” (KC) and Cocoa (CC),
>
> Stock Index Contracts: the Russell 2000 Index Mini Futures (RF), the Russell 1000 Index Mini Futures (TF), the Russell 1000 Value Index Mini Futures (VV) and the Russell 1000 Growth Index Mini Futures (GG) contracts.
>
> Currency Index and Currency Pair Contracts: the U.S. Dollar Index (“USDX”), Australian dollar/US Dollar (KAU), British Pound/US Dollar (MP), Euro/Australian Dollar (KRA), Euro/British Pound (KGB), Euro/Canadian Dollar (KEP), Euro/Japanese yen (KEJ), Euro/Norwegian krone (KOL), Euro/Swedish krona (KRK), Euro/Swiss franc (KRZ), Euro/US Dollar (KEO) and Swiss franc/Japanese yen (KZY).

What Contract Months Are Eligible For TAS Trading?

For most futures contracts enabled for TAS, the first three listed contract months are eligible for TAS trading on any trading day. Exceptions to this rule of thumb are:

(1) Cotton No. 2 futures, for which the first five contract months are eligible for TAS trading on any trading day;
(2) Sugar No. 11 futures, for which the first four contract months are eligible for TAS trading;, and
(3) the currency pair futures contracts, for which the front two listed contracts are eligible for TAS trading.

Note that once a futures contract month has gone into its’ Notice Period, the contract is no longer eligible to be traded via TAS (outright or as a Spread).

What About TAS Spread Trades?

TAS spread trading is enabled for all contracts for which TAS trading is offered.

What Spread Pairs Can Be Traded TAS?

For most products, Spread TAS trading is enabled for two calendar spread pairs: the front month vs. the second month, and the second month vs. the third month. Exceptions to this rule of thumb are:
(1) for Cotton futures a third pair is listed for TAS spread trading: the front month vs. the third month; and
(2) for the currency pair futures contract only one pair is listed: the front month vs. the second month.

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 two minimum price fluctuations 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, if the calendar spread convention for a product on the platform means that the spread buyer is buying the front month/selling the back month, this same convention will apply to TAS spreads for the product.

For ICE Futures US products, two different calendar spread conventions are followed:

> For the following contracts, buying the spread means buying the front month/selling the back month:
>
> Sugar No. 11 (SB), Cocoa (CC), Coffee "C" (KC), Frozen Concentrated Orange Juice (OJ) and Cotton No. 2 (CT).
>
> For the following contracts, buying the spread means buying the back month/selling the front month:
>
> USDX (DX), currency pair futures, Russell 1000 Index (RF), Russell 2000 Index (TF), Russell 1000 Value Index (VV) and Russell 1000 Growth Index (GG)

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 done at a price of zero ("at the settlement difference"), each leg of the TAS spread will be priced at the settlement price of the respective futures contract in the spread.

For TAS Spreads done at one or two ticks above/below the settlement, the leg prices will be set as follows:

Front Month – price will be set at the settlement price for the respective contract.
Back Month – price will be 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).

NOTE: For Cotton No. 2 futures contracts only, on a day on which either or both legs of the TAS spread settles at the contract's daily trading limit up or down, the leg price of the back month of the TAS spread will be determined by the Exchange using the prices of trades done for that Calendar Spread during the settlement period, rather than using the settlement price of that contract month.

What Is the Policy Regarding TAS Trades in Limit Up/Down Markets?

The Exchange allows TAS trading in two futures contracts that are subject to daily trading limits: Cotton No. 2 and FCOJ-A futures. During the course of the TAS trading day for these products, TAS trades may be matched at a range of TAS +2 to TAS -2, and the specific contract month may settle at limit up or limit down. In such instances, the matched TAS trades will stand, notwithstanding the fact that this futures contract month settles at its limit up or down price.

For example, suppose on Day 1 the May 2008 Cotton No. 2 futures contract has settled at a price of 78.00, and that on Day 2 TAS trades have been matched in the platform at a price of +2, or two minimum ticks above the settlement price. If on Day 2 the May contract settles at a limit up price of 81.00, the TAS trades at a price of +2 would stand, despite fact that the clearing price of 81.02 exceeds the limit up price of 81.00 on that trading day.

ICE Futures U. S. allows Trade At Morning Marker ("TAMM") trades for certain soft commodity futures contracts traded on the ICE electronic trading platform. This document is meant to provide information concerning TAMM orders and TAMM trading.

What is TAMM?
TAMM capability allows a trader to enter an order to buy or sell an eligible futures contract month at a price that will be equal to the Morning Marker Price for that contract month, or at a price that is up to two minimum price fluctuations above or below the Morning Marker Price.

> Examples:
> For Cotton No. 2® futures ("CT"), the minimum price fluctuation is .01 cents per pound. A trader may enter an order for a TAMM trade at a price of 0 (which means the trader wants to trade at the CT Morning Marker price), or at +01 or +02 (which would mean that the trader wants to trade at the CT Morning Marker price plus one or two ticks, i.e., the CT Morning Marker plus .01 or plus .02), or at -01 or -02 (which means that the trader wanted to trade at the CT Morning Marker price minus .01 or minus .02)
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> For Frozen Concentrate Orange Juice (FCOJ) futures, the minimum price fluctuation is .05 cents per pound. A trader may enter an order for a TAMM trade at a price of 0 (which would mean the trader wanted to trade at the FCOJ Morning Marker price), or at +05 or +10 (which would mean that the trader wanted to trade at the FCOJ Morning Marker price plus one or two ticks, i.e., the FCOJ Morning Marker price plus .05 or plus .10), or at -05 or -10 (which would means that the trader wants to trade at the FCOJ Morning Marker price minus .05 or minus .10).

TAMM buy and sell orders are matched on a first-in, first-out basis.

What is the Morning Marker Price?
The Morning Marker Price for each eligible contract month is calculated by the Exchange at the end of the Morning Marker Period for each eligible futures contract. In determining the Morning Marker Price, the Exchange follows the same procedures used to determine Daily Settlement Prices. A weighted average for each eligible futures contract month is calculated by using the volume and prices traded on the electronic platform (or, in the absence of actual trades, using bid/ask information) during the Morning Marker Period. Morning Marker Prices are published online by the Exchange shortly after the end of the Morning Marker Period for the contract at https://www.theice.com/report_center_docs.jsp.

When Are the Morning Marker Periods?
The Morning Marker Periods for TAMM-eligible contracts are as follows:
> Sugar No. 11® – 8:10 am to 8:12 am
> Coffee "C"® and Cocoa – 8:00 am to 8:02 am
> Cotton No. 2 – 10:30 am to 10:31 am
> FCOJ – 10:00 am to 10:01 am

When Are Confirmations Received for TAMM Trades?
TAMM trades are confirmed when TAMM bids and offers match. A confirmation of a TAMM trade indicates that a trade has been executed at the Morning Marker Price (0), or at the agreed one or two tick interval above or below the Morning Marker Price.

When Can TAMM Orders Be Entered?
TAMM buy and sell orders may be entered from the start of the pre-open period for the respective product through the end of the Morning Marker Period for the futures contract each day. Once the Morning Marker Period for a period has ended, TAMM trading for that contract is closed for the trading day.

Are There Any Restrictions On Who Is Eligible To Execute A TAMM Trade?
No, any market participant is eligible to enter a TAMM order and to execute a TAMM trade.

What Contracts Are Eligible For TAMM Trading?
TAMM is available for the following futures contracts: Cotton No. 2 (CT), Frozen Concentrated Orange Juice (FCOJ), Sugar No. 11 (SB), Coffee "C" (KC), and Cocoa (CC).

What Contract Months Are Eligible For TAMM Trading?
For most futures contracts enabled for TAMM, the first three delivery contract months are eligible for TAMM trading on any trading day. The only exception is Cotton No. 2 futures, for which the first five delivery months are eligible for TAMM trading.

Note that once a futures contract month has gone into its' Notice Period, the contract is no longer eligible for TAMM trading (outright or Spread).

What About TAMM Spread Trades?
TAMM spread trading is supported for all contracts for which TAMM trading is offered. For each product, TAMM spread trading is enabled for two calendar spread pairs: the front month vs. the second month, and the second month vs. the third month. The only exception is Cotton No. 2 futures, for which a third spread pair is also available: the front month vs. the third month.

At What Prices Can TAMM Spreads Be Traded?
TAMM spread trades can be executed at the spread differential between the Morning Marker Prices for the respective futures contract months, or up to two minimum price fluctuations above and below that spread differential.

What Is The Spread Convention For TAMM Spreads?
The spread convention for TAMM spreads is identical to the regular calendar spread convention for the particular product. That is, if the calendar spread convention for a product on the platform means that the spread buyer is buying the front month/selling the back month, this same convention will apply to TAS spreads for the product. For each of the soft commodity contracts for which TAMM orders are supported, buying the spread means buying the front month/selling the back month:

How Are TAMM Spread Legs Priced?
Like TAMM outright trades, the prices of TAMM spread legs are set after the Morning Marker Prices for the respective contracts are determined after the end of the Morning Marker Period for the respective product.

For TAMM Spreads done at a price of zero ("at the Morning Marker difference"), each leg of the TAMM spread will be priced at the Morning Marker Price of the respective futures contract. For TAMM Spreads done at one or two ticks above/below the Morning Marker Price, the leg prices will be set as follows:

Front Month – price will be set at the Morning Marker Price for the respective contract.
Back Month – price will be set at the Morning Marker Price for the respective contract plus the TAMM spread trade price (which can be a positive number or a negative number).

What Is the Policy Regarding TAMM Trades in Limit Up/Down Markets?
The Exchange allows TAMM trading in the only two futures contracts that are subject to daily trading limits: Cotton No. 2 and FCOJ. During the course of the TAMM trading period for these products, TAMM trades may be matched at a range of TAMM +2 to TAMM -2, and the specific contract month may be trading at limit up or limit down during the Morning Marker Period. In such instances, the matched TAMM trades will stand, notwithstanding the fact that this futures contract month's Morning Marker Price is set at its limit up or down price.

> Example:
> Suppose on Day 1 the May 2010 Cotton No. 2 futures contract has settled at a price of 78.00, and that on Day 2 TAMM trades have been matched in the platform at a price of +2, or two minimum ticks above the Morning Marker price. If on Day 2 the May contract's Morning Marker Price is set at a limit up price of 81.00, the TAMM trades at a price of +2 would stand, despite fact that the price of 81.02 exceeds the limit up price of 81.00 on that trading day.