Trade At Settlement (or TAS)

Frequently Asked Questions

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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 CT settlement plus .01 or plus .02), or at -1 or -2 (which means that the trader wanted to trade at the CT 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 FCOJ 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 FCOJ 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 3:15 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: Cotton No. 2 (CT), Frozen Concentrated Orange Juice (FCOJ), Sugar No. 11 (SB), Coffee "C" (KC), and Cocoa (CC).

(A similar but different trading capability known as Trade at Index Close or "TIC" is available for the Russell 1000 and Russell 2000 mini index contracts. For information on this capability, please see https://www.theice.com/publicdocs/futures_us/TIC_FAQ.pdf)

What Contract Months Are Eligible For TAS Trading?

For each futures contract that is enabled for TAS, the first three listed contract months are eligible for TAS trading on any trading day. The only exception to this rule of thumb is Cotton No. 2 futures, for which the first five contract months are eligible for TAS trading on any trading day.

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 each product, 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.

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)
Coffee "C" (Kc)
Cotton No. 2 (CT)
Cocoa (CC)
Frozen Concentrated Orange Juice (OJ)

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).

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 the particular futures contract month settles at its limit up or down price.

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.

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