

# Specifications of Futures and Options Contracts

# Overview

- There have been organized commodity exchanges in the United States since the Chicago Board of Trade (CBOT) was established in 1848.
- Other agricultural commodity exchanges today include the Intercontinental Exchange (ICE), Kansas City Board of Trade (KCBT, 1876), and the Chicago Mercantile Exchange (CME, 1919).
- These exchanges and the futures and options tools that have emerged are used today by thousands of farmers and ranchers to manage price risk for the commodities they produce.
- Until recently, open outcry pit trading was the method for trading futures and options. Faster computers and electronic technology have enabled electronic trading to grow in volume. In some cases, like cotton, electronic futures trading has completely replaced open outcry on the floor. In others, like cattle, both methods of trading continue, for now.
- Contract specifications are the definitions, rules and limits that set the boundaries for commodity futures trading. The Commodity Futures Trading Commission (CFTC) reviews the terms and conditions of proposed futures and options contracts.

# Table 1. Contract Specifications for Agricultural Crop and Livestock Futures

## ➤ Live Cattle:

- Size of Contract – 40,000 lbs.
- Ticker symbol – LE for electronic and LC for Open outcry
- Trading hours – Electronic (9:05 a.m. to 1:55 p.m. on Monday through Friday with daily halts at 4:00 to 5:00 p.m.) and Open outcry (9:05 a.m. to 1:00 p.m. on Monday through Friday)
- Months traded – February, April, June, August, October, and December
- Price quotes – Cents per pound
- Minimum price fluctuations - \$0.00025 per pound (\$10.00 per contract)
- Daily limits - \$0.03 per pound
- Last trading day – the last business day of the contract month at noon

## ➤ Feeder Cattle:

- Size of Contract – 50,000 lbs.
- Ticker symbol – GF for electronic and FC for Open outcry
- Trading hours – Electronic (9:05 a.m. to 1:55 p.m. on Monday through Friday with daily halts at 4:00 to 5:00 p.m.) and Open outcry (9:05 a.m. to 1:00 p.m. on Monday through Friday)
- Months traded – January, March, April, May, August, September, October, and November
- Price quotes – Cents per pound
- Minimum price fluctuations - \$0.00025 per pound (\$12.50 per contract)
- Daily limits - \$0.03 per pound
- Last trading day – the last Thursday of the contract month at noon (with exceptions for November and other months)

# Table 1. Contract Specifications for Agricultural Crop and Livestock Futures *cont.*

## ➤ Lean Hogs:

- Size of Contract – 40,000 lbs.
- Ticker symbol – HE for electronic and LH for Open outcry
- Trading hours – electronic (9:05 a.m. to 1:55 p.m. on Monday through Friday with daily halts at 4:00 to 5:00 p.m.) and open outcry (9:05 a.m. to 1:00 p.m. on Monday through Friday)
- Months traded – February, April, May, June, July, August, October, and December
- Price quotes – Cents per pound
- Minimum price fluctuations - \$0.00025 per pound (\$10.00 per contract)
- Daily limits - \$0.03 per pound
- Last trading day – the tenth business day of the contract month at noon

## ➤ Corn:

- Size of contract – 5,000 bushels
- Ticker symbol – ZC for electronic and C for open outcry
- Trading hours – electronic (6:00 p.m. to 6:00 a.m. and 9:300 a.m. to 1:15 p.m. on Sunday through Friday) and Open outcry (9:30 to 1:15 p.m. on Monday through Friday)
- Months traded – March, May, July, September, and December
- Price quotes – Cents per bushel
- Minimum price fluctuations –  $\frac{1}{4}$  cent per bushel (\$12.50 per contract)
- Daily limits - \$0.30 per bushel
- Last trading day – the business day prior to the 15<sup>th</sup> calendar day of the contract month

# Table 1. Contract Specifications for Agricultural Crop and Livestock Futures *cont.*

## ➤ Soybeans:

- Size of Contract – 5,000 bushels
- Ticker symbol – ZS for electronic and S for Open outcry
- Trading hours – Electronic (6:00 p.m. to 6:00 a.m. and 9:30 a.m. to 1:15 p.m. on Sunday through Friday) and Open outcry (9:30 a.m. to 1:15 p.m. on Monday through Friday)
- Months traded – January, March, May, July, August, September, and November
- Price quotes – Cents per bushel
- Minimum price fluctuations –  $\frac{1}{4}$  cent per bushel (\$12.50 per contract)
- Daily limit - \$0.70 per bushel
- Last trading day – the business day prior to the 15<sup>th</sup> calendar day of the contract month

## ➤ Hard Red Winter Wheat:

- Size of Contract – 5,000 bushels
- Ticker symbol – KE for electronic and KW for Open outcry
- Trading hours – Electronic (6:00 p.m. to 6:00 a.m. and 9:30 a.m. to 1:15 p.m. on Sunday through Friday) and Open outcry (9:30 a.m. to 1:15 p.m. on Monday through Friday)
- Months traded – March, May, July, September, and December
- Price quotes – Cents per bushel
- Minimum price fluctuations –  $\frac{1}{4}$  cent per bushel (\$12.50 per contract)
- Daily limit - \$0.60 per bushel
- Last trading day – the business day prior to the 15<sup>th</sup> calendar day of the contract month

# Table 1. Contract Specifications for Agricultural Crop and Livestock Futures *cont.*

## ➤ Soft Red Winter Wheat:

- Size of Contract – 5,000 bushels
- Ticker symbol – ZW for electronic and W for Open outcry
- Trading hours – Electronic (6:00 p.m. to 6:00 a.m. and 9:30 a.m. to 1:15 p.m. on Sunday through Friday ) and Open outcry (9:30 a.m. to 1:15 p.m. on Monday through Friday)
- Months traded – March, May, July, September, and December
- Price quotes – Cents per bushel
- Minimum price fluctuations –  $\frac{1}{4}$  cent per bushel (\$12.50 per contract)
- Daily limit - \$0.60 per bushel
- Last trading day – the business day prior to the 15<sup>th</sup> calendar day of the contract month

## ➤ Rough Rice:

- Size of Contract – 2,000 cwt
- Ticker symbol – ZR for electronic and RR for Open outcry
- Trading hours – Electronic (6:00 p.m. to 6:00 a.m. and 9:30 a.m. to 1:15 p.m. on Sunday through Friday) and Open outcry (9:30 a.m. to 1:15 p.m. on Monday through Friday)
- Months traded – January, March, May, July, September, and November
- Price quotes – Cents per cwt
- Minimum price fluctuations –  $\frac{1}{2}$  cent per cwt (\$10.00 per contract)
- Daily limit - \$0.50 per cwt
- Last trading day – the business day prior to the 15<sup>th</sup> calendar day of the contract month

# Table 1. Contract Specifications for Agricultural Crop and Livestock Futures *cont.*

## ➤ Cotton no. 2:

- Size of Contract – 50,000 lbs.
- Ticker symbol – CT for Electronic
- Trading hours – Electronic (9:00 p.m. to 2:30 p.m. on Sunday through Friday)
- Months traded – March, May, July, October, and December
- Price quotes – Cents per hundredths of a cent per pound
- Minimum price fluctuations - \$0.0001 per lb. (\$5.00 per contract)
- Daily limit - \$0.03 per pound
- Last trading day – Seventeen business days from the end of the spot month

## ➤ Class III Milk:

- Size of Contract – 200,000 lbs.
- Ticker symbol – DC for Electronic and DA for Open outcry
- Trading hours - Electronic (9:05 a.m. to 1:55 p.m. on Sunday through Friday with daily halts at 4:00 to 5:00 p.m.) and Open outcry (9:30 a.m. to 1:10 p.m. on Monday through Friday)
- Months traded – All 12 calendar months
- Price quotes – Cents per cwt.
- Minimum price fluctuations - \$0.01 per cwt (\$20.00 per contract)
- Daily limit - \$0.75 per cwt
- Last trading day – the business day immediately preceding the day the USDA announces Class III price for that contract month

# Table 2. Contract Specifications for Agricultural Crop and Livestock Options

## ➤ Live Cattle:

- Size of Contract – One CME Live Cattle futures contract of 40,000 pounds
- Ticker symbol – LE for electronic and CK (calls) and PK (puts) for open outcry
- Trading hours – Electronic (9:05 a.m. to 1:55 p.m. on Monday through Friday with daily halts at 4:00 to 5:00 p.m.) and Open outcry (9:05 a.m. to 1:02 p.m. on Monday through Friday)
- Months traded – February, April, June, August, October, and December
- Price quotes – Cents per pound
- Minimum price fluctuation – Full tick: \$0.00025 per pound (\$10.00 per contract), Half tick: \$0.000125 per pound (\$5.00 per contract)
- Daily limit – None
- Last trading day – first Friday of the contract month at 1:00 p.m.
- Strike price increments - \$0.02 per cwt for all months and \$0.01 per cwt for front 2 months only; \$0.005 per cwt for spot months

## ➤ Feeder Cattle:

- Size of Contract – One CME Feeder Cattle futures contract of 50,000 pounds
- Ticker symbol – GF for electronic and KF (calls) and JF (puts) for open outcry
- Trading hours – Electronic (9:05 a.m. to 1:55 p.m. on Monday through Friday with daily halts at 4:00 to 5:00 p.m.) and Open outcry (9:05 a.m. to 1:02 p.m. on Monday through Friday)
- Months traded – January, March, April, May, August, September, October, and November
- Price quotes – Cents per pound
- Minimum price fluctuation – Full tick: \$0.00025 per pound (\$10.00 per contract), Half tick: \$0.000125 per pound (\$5.00 per contract)
- Daily limit – None
- Last trading day – last Thursday of the contract month at noon with exceptions for November and other months
- Strike price increments - \$0.02 per cwt for all months and \$0.01 per cwt for front 2 months only; \$0.005 per cwt for spot months



## Table 2. Contract Specifications for Agricultural Crop and Livestock Options *cont.*

### ➤ Lean Hogs:

- Size of Contract – One CME Lean Hogs futures contract of 40,000 pounds
- Ticker symbol – HE for electronic and CK (calls) and PK (puts) for open outcry
- Trading hours – Electronic (9:05 a.m. to 1:55 p.m. on Monday through Friday with daily halts at 4:00 to 5:00 p.m.) and Open outcry (9:05 a.m. to 1:02 p.m. on Monday through Friday)
- Months traded – February, April, May, June, July, August, October, and December
- Price quotes – Cents per pound
- Minimum price fluctuation – Full tick: \$0.00025 per pound (\$10.00 per contract), Half tick: \$0.000125 per pound (\$5.00 per contract)
- Daily limit – None
- Last trading day – the tenth business day of the contract month at noon.
- Strike price increments - \$0.02 per cwt for all months and \$0.01 per cwt for front 2 months

### ➤ Corn:

- Size of Contract – One CBOT corn futures contract of 5,000 bushels
- Ticker symbol – OZC for electronic and CY (calls) and PY (puts) for open outcry
- Trading hours – Electronic (6:00 p.m. to 6:00 a.m. and 9:30 a.m. to 1:15 p.m. on Sunday through Friday) and Open outcry (9:30 a.m. to 1:15 p.m. on Monday through Friday)
- Months traded – March, May, July, September, and December
- Price quotes – Cents per bushel
- Minimum price fluctuation -  $\frac{1}{8}$  cent per bushel (\$6.25 per contract)
- Daily limit - \$0.30 per bushel
- Last trading day – the Friday at least two business days before first notice day for corn futures

## Table 2. Contract Specifications for Agricultural Crop and Livestock Options *cont.*

### ➤ Soybeans:

- Size of Contract – One CBOT Soybean futures contract of 5,000 bushels
- Ticker symbol – OZC for electronic and CZ (calls) and PZ (puts) for open outcry
- Trading hours – Electronic (6:00 p.m. to 6:00 a.m. and 9:30 a.m. to 1:15 p.m. on Sunday through Friday) and Open outcry (9:30 a.m. to 1:15 p.m. on Monday through Friday)
- Months traded – January, March, May, July, August, September, and November
- Price quotes – Cents per bushel
- Minimum price fluctuation -  $\frac{1}{8}$  cent per bushel (\$6.25 per contract)
- Daily limit - \$0.70 per bushel
- Last trading day – the Friday at least two business days before first notice day for soybean futures
- Strike price increments - \$0.20 per bushel increments in strike price

### ➤ Hard Red Winter Wheat:

- Size of Contract – One KCBT Wheat futures contract of 5,000 bushels
- Ticker symbol – EC (calls) and EP (puts) for electronic and OKE (calls or puts) for open outcry
- Trading hours – Electronic (6:00 p.m. to 6:00 a.m. and 9:30 a.m. to 1:15 p.m. on Sunday through Friday) and Open outcry (9:30 a.m. to 1:15 p.m. on Monday through Friday)
- Months traded – March, May, July, September, and December
- Price quotes – Cents per bushel
- Minimum price fluctuation -  $\frac{1}{8}$  cent per bushel (\$6.25 per contract)
- Daily limit - \$0.60 per bushel
- Last trading day – the Friday at least two business days before first notice day for wheat futures
- Strike price increments - \$0.10 per bushel increments in strike price.

## Table 2. Contract Specifications for Agricultural Crop and Livestock Options *cont.*

### ➤ Soft Red Winter Wheat:

- Size of Contract – One CBOT Wheat futures contract of 5,000 bushels
- Ticker symbol – OZW for electronic and WY (calls) and WZ (puts) for Open outcry
- Trading hours – Electronic (6:00 p.m. to 6:00 a.m. and 9:30 a.m. to 1:15 p.m. on Sunday through Friday) and Open outcry (9:30 a.m. to 1:15 p.m. on Monday through Friday)
- Months traded – March, May, July, September, and December
- Price quotes – Cents per bushel
- Minimum price fluctuations -  $\frac{1}{8}$  cent per bushel (\$6.25 per contract)
- Daily limit - \$0.60 per bushel
- Last trading day – the Friday at least two business days before first notice day for wheat futures
- Strike price increments - \$0.10 per bushel increments in strike price

### ➤ Rough Rice:

- Size of Contract – One CBOT Rice futures contract of 2,000 cwt
- Ticker symbol – OZR for electronic and RRC (calls) and RRP (puts) for Open outcry
- Trading hours – Electronic (6:00 p.m. to 6:00 a.m. and 9:30 a.m. to 1:15 p.m. on Sunday through Friday) and Open outcry (9:30 a.m. to 1:15 p.m. on Monday through Friday)
- Months traded – January, March, May, July, September, and November
- Price quotes – Cents per cwt
- Minimum price fluctuations –  $\frac{1}{4}$  cent per cwt (\$5.00 per contract)
- Daily limit - \$0.50 per cwt
- Last trading day – the Friday at least two business days before first notice day for rice futures
- Strike price increments - \$0.20 per cwt increments in strike price

## Table 2. Contract Specifications for Agricultural Crop and Livestock Options *cont.*

### ➤ Cotton:

- Size of Contract – One Cotton No. 2 futures contract of 50,000 pounds
- Ticker symbol – CT for electronic
- Trading hours – 9:00 p.m. to 2:30 p.m. on Sunday through Friday
- Months traded – March, May, July, October, and December
- Price quotes – Cents and hundredths of a cent per pound
- Minimum price fluctuations - \$0.0001 per pound
- Daily limit – None
- Last trading day – the last Friday preceeding the first notice day for the underlying futures by at least 5 business days
- Strike price increments - \$0.01 per pound increments in strike price

### ➤ Class III Milk:

- Size of Contract – One Class III Milk futures contract of 200,000 pounds
- Ticker symbol – DC for electronic and DA for open outcry
- Trading hours – Electronic (9:05 a.m. to 1:55 p.m. on Monday through Friday with daily halts at 4:00 to 5:00 p.m.) and open outcry (9:05 a.m. to 1:12 p.m. on Monday through Friday)
- Months traded – All 12 calendar months
- Price quotes – Cents per cwt
- Minimum price fluctuation – Full tick: \$0.01 per cwt (\$20.00 per contract); Half tick: \$0.005 per cwt (\$10.00 per contract)
- Daily limit – None
- Last trading day – the business day immediately preceeding the day the USDA announces Class III Milk price for that contract month
- Strike price increments - \$0.25 per cwt increments in strike price

# Table 3. Quality Specifications for Selected Agricultural Futures and Options Contracts

Commodity	Exchange	Quality Specifications
Live Cattle	CME	55% Choice, 45% Select, Yield Grade 3 live steers, as defined by the USDA “Official United States Standards for Grades of Slaughter Cattle”
Feeder Cattle	CME	Each futures contract shall be valued at 50,000 pounds times the CME Composite Weighted Average Price per pound for 650- to 849-pound Medium Frame #1 and Medium and Large Frame #1-2 feeder steers
Lean Hogs	CME	Hog (barrow and gilt) carcasses
Corn	CME Group	No. 2 Yellow corn at contract price, No. 1 Yellow corn at 1.5 cent/bushel premium, No. 3 Yellow corn at 1.5 cent/bushel discount. This contract is also used to manage price risk for grain sorghum since seasonal price movements for the two grain products are fairly similar. Many producers use the corn futures contract for their price risk management for grain sorghum after evaluating the historical relationship between the two commodities in their areas. For more information on this subject, see “Cross Hedging Agricultural Commodities” (available at <a href="http://www.oznet.ks.edu/library/agec2/mf2284.pdf">www.oznet.ks.edu/library/agec2/mf2284.pdf</a> )
Rough Rice	CME Group	U.S. No. 2 or better long grain rough rice with a total milling yield of not less than 65 percent including head rice of not less than 48 percent. Premiums and discounts are provided for each percent of head rice over or under 55 percent and for each percent of broken rice over or under 15 percent.
HRW Wheat	KCBT	No. 2 Hard Red Winter Wheat at contract price, No. 1 at 1.5 cent premium
Cotton	ICE	Strict low middling; Staple length = 1 2/32 inch

## Table 3. Quality Specifications for Selected Agricultural Futures and Options Contracts *cont.*

Commodity	Exchange	Quality Specifications
SRW Wheat	CME Group	No. 2 Soft Red Winter Wheat, No. 2 Hard Red Winter, No. 2 Dark Northern Spring, and No. 2 Northern Spring at par, No. 1 Soft Red Winter, No. 1 Hard Red Winter, No. 1 Dark Northern Spring, and No. Northern Spring at 3 cents/bushel over contract price.
Soybeans	CME Group	No. 2 Yellow at par and substitutions at differentials established by the exchange
Class III Milk	CME Group CSCE	An estimate, calculated and announced by the USDA, of the average price paid for Grade B (manufacturing) milk by plants in Minnesota and Wisconsin