

Futures Delivery

In the futures markets, delivery—the receipt or transfer of the actual commodity or product—is an important contract specification that every futures trader should understand.

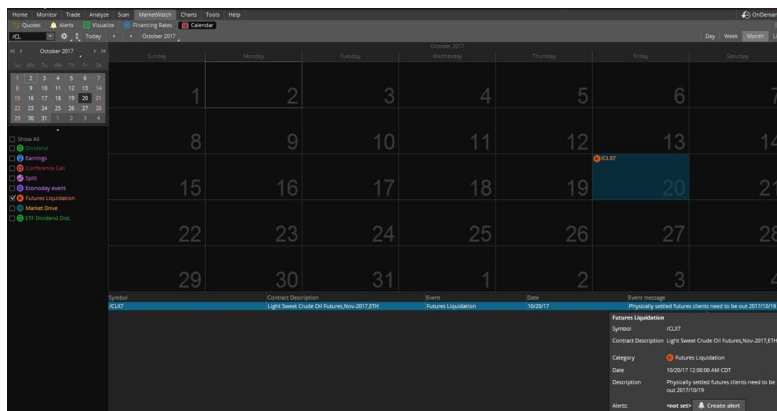
Delivery of futures can take place in one of two ways: physical or financial. The difference between physically settled and financially (or cash) settled delivery is explained below.

Physically Settled	Financially Settled
<p>Physically settled futures contracts expire directly into the actual commodity.</p> <ul style="list-style-type: none"> • A long position holder must be prepared to take delivery of the commodity and pay the full value of the underlying futures contract • A short position holder must be prepared to deliver the actual commodity or product to the buyer 	<p>Financially settled futures are also called cash-settled futures and expire directly into cash.</p> <ul style="list-style-type: none"> • At expiration, a credit or debit is issued to the account • The credit or debit is calculated by taking the difference between the purchase or sale price and final settlement price of the futures contract
<p>TD Ameritrade Futures & Forex LLC does not allow physical delivery of futures products.</p> <ul style="list-style-type: none"> • All physically delivered futures contracts must be closed before physical delivery can occur, so you must pay close attention to the First Notice Day and Last Trading Day • First Notice Day: The first day the exchange can assign delivery to accounts that are long futures contracts • Last Trading Day: The last trading day a futures contract may trade or be closed before delivery • To avoid physical delivery from occurring, you must close your position two business days prior to First Notice Date or one business day prior to Last Trade Date, whichever comes first • If you are still in a position after these dates, TD Ameritrade Futures & Forex LLC will close your position* 	<p>TD Ameritrade Futures & Forex LLC allows clients to cash-settle financially settled futures products.</p> <ul style="list-style-type: none"> • Financially settled futures products are cash-settled on the Last Trading Day against the final settlement price • The final settlement price is determined by the exchange • Credits or debits will automatically post to your account once calculated using the method above*
<p>Popular physically settled products:</p> <ul style="list-style-type: none"> • Crude Oil (/CL) • Gold (/GC) • 30yr Treasury Bonds (/ZB) • Euro FX Currency (/6E) • Natural Gas (/NG) • Corn (/ZC) 	<p>Popular financially settled products:</p> <ul style="list-style-type: none"> • E-mini S&P 500 (/ES) • E-mini Nasdaq 100 (/NQ) • E-mini Dow (/YM) • E-mini Russell 2000 (/RTY)

*Please note that TD Ameritrade Futures & Forex LLC reserves the right to liquidate a futures position at any time, without notice, regardless of whether the future is physically or financially settled.

An example of physical delivery

- If you are trading Crude Oil futures (/CL), the underlying contract represents 1,000 barrels of crude oil. When delivery takes place, buyers who are long the futures contract will receive 1,000 barrels of crude oil, and sellers who are short are required to distribute the 1,000 barrels of crude oil.
- To determine when you need to close out your futures contract, go to the MarketWatch tab >> Calendar on the thinkorswim® platform. Type in the symbol in the upper-left-hand corner and uncheck all of the boxes on the left except for "Futures Liquidation," which will show you a date on the Calendar. Click on that date, then click on the Event message to see the specific date when you need to close out your position.
- In the screenshot to the right, if you are holding a position in /CLX7, you need to close your contract by the close of the October 19, 2017, trading day.
- If you do not close your position manually by October 19, 2017, TD Ameritrade Futures & Forex LLC will close it automatically.



An example of financial delivery

- If you are trading the E-mini S&P 500 future (/ES), the underlying contract represents \$50 multiplied by the price of the Index. E-mini S&P 500 futures are financially settled, so when delivery takes place, you'll receive a cash credit or debit that is based on the settlement price.
- So, for example:
 - Let's say you bought one /ES contract at 2495.
 - The official settlement price at expiration is 2495.60.
 - Your account will be credited a total of \$30

$$2495.6 - 2495 = 0.6 \times \$50 = \$30$$
 - Credits can be found in the Cash & Sweep Vehicle section on the thinkorswim platform.
 - On the right is a screenshot showing the details of the credit:

Description	Misc Fees	Commissions & Fees	Amount
1P BOT +1 /ES27 @2495.00	-1.19	-2.25	--
/ES27 mark to market at 2495.60 official settlement price	--	--	30.00

Examples are provided for illustrative and educational use only and are not a recommendation or solicitation to buy, sell, or hold any specific security or utilize any specific strategy.

Greater leverage creates greater losses in the event of adverse market movements.

Futures trading is speculative and is not suitable for all investors. Please read the [Risk Disclosure for Futures and Options](#) prior to trading futures products.

If you're interested in learning more about futures, it's important that you expand your investing education before you make investments.

Futures and futures options trading services provided by TD Ameritrade Futures & Forex LLC. Trading privileges subject to review and approval. Not all clients will qualify.

Futures accounts are not protected by the Securities Investor Protection Corporation (SIPC).

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