

Contract Terms and Conditions

Event Question: Will the United States economy enter a recession by the end of [Quarter] [Year]?

Product Code: USR

Instructions: Contract resolves to “Yes” when there are two consecutive negative readings for the Final Reading of Quarter over Quarter US Real GDP. The Gross Domestic Product – Final Reading (“GDP”) is published by The Bureau of Economic Analysis (“BEA”) quarterly on the last Thursday of the month at 7:30 AM CT. More specifically, the third estimate is released in March, June, September, and December. A schedule of release dates is available on the website at the following link: [here](#).

Underlying: To see the latest available report of GDP third estimate, first click on the following link: [here](#). Once on the page, scroll down to the table that says “Current Release” and click “Full Release and Tables”. The real GDP number can be found on line 1 in in table 3 under “Billions of chained (2017) dollars”. The 2023 Q1-Q4 section are the quarterly release numbers of real GDP and “2023” under “Billions of chained (2017) dollars” is the average annual real GDP number. Links are provided for informational purposes only and the source agency may decide to publish the data at a different location at any time.

Source Agency: BEA

Minimum Tick: The Minimum Tick size for the referred Contract shall be \$0.01

Listing Cycle: ForecastEx will list six expirations of US Recession Forecast Contracts at any given time which will go out to a maximum of 36 months. ForecastEx will list the next four quarterly releases. After the fourth quarterly contract, ForecastEx will list the two quarterly contracts corresponding with the next two Q4 releases of Gross Domestic Product – Final Release. Note that the first contract that ForecastEx will list corresponds to the final release of Q4 2024 GDP.

Thresholds: For each contract expiration, one threshold will initially be listed and additional thresholds will be listed at ForecastEx’s discretion.

Position Accountability: The position accountability level is 250,000 Event Positions in any one Forecast Contract.

Last Trading Time: 11:59:59 PM CT on the trading day preceding Resolution Time.

Payout Criteria: The Settlement Value of each US Recession Contract is \$1.00 or \$0 depending on the Outcome of the Event Question. If the Outcome of the Event Question is “Yes”, then holders of the “Yes” Position will be entitled to receive the Settlement Value of \$1.00 per contract and holders of the “No” Position will receive \$0.00. If the Outcome of the Event

Question is “No”, then holders of the “No” Position will be entitled to receive the Settlement Value of \$1.00 per contract and holders of the “Yes” Position will receive \$0.00.

Resolution Time: 7:30 AM CT when BEA publishes the Gross Domestic Product – Final Reading.

Changes in Resolution Time: The Resolution Time of a Contract is dependent on the time that BEA releases Gross Domestic Product – Final Release data. There are circumstances where ForecastEx may change the Resolution Time of a Contract.

1. **Delay by Source Agency:** In the event that the release of the Gross Domestic Product is delayed by BEA, for instance in a government shutdown, ForecastEx will delay the Resolution Time of the Contract until such time as the BEA releases the Gross Domestic Product – Final Release data. In this case, ForecastEx would release a public notice to its website informing Market Participants that the Resolution of the Contract has been delayed and release a second notice to its website informing Market Participants when the contract ultimately resolves.
2. **Contracts with no currently scheduled release date:** The BEA generally publishes the release dates for Gross Domestic Product – Final Reading data up through the end of the current calendar year. ForecastEx will list multiple US Recession contracts that have Resolution dates beyond the currently published schedule of releases. For these contracts, ForecastEx will approximate the Resolution Time based on the anticipated release schedule from BEA. Once BEA has published the release schedule, ForecastEx will update the Resolution Times of the contract if necessary and publish a public notice to its website informing Market Participants of the revised Resolution Time.

Early Resolution: US Recession Contracts resolve to “Yes” when there are two consecutive quarters of negative real GDP growth in the US economy. As a result, there are circumstances where ForecastEx may resolve a US Recession Contract prior to its listed Resolution Time, as the outcome may be determined prior to the Resolution Time.

1. **Entering Recession prior to Resolution Quarter:** Should BEA report negative growth in two consecutive reports of US GDP – Final Reading data, all US Recession Contracts listed at the time of the second negative Quarterly release will have met the criteria to resolve as “Yes.” ForecastEx will resolve these contracts on the date of the release of the second negative US GDP – Final Reading regardless of listed Resolution Time.
2. **Positive GDP Growth in the Quarter prior to Resolution Quarter:** Should BEA report positive real GDP growth in the quarter preceding a contract’s resolution quarter, the contract will have met the criteria to resolve as “No.” ForecastEx will Resolve the contract on the date of the US GDP – Final Reading in the quarter preceding the listed Resolution Time.

Expiration Time: Same as Resolution time.

Settlement Time: Settlement for resolved US Recession Contracts will occur after Resolution Time at 13:00 PM CT that same Business Day in accordance with ForecastEx Rule 603(b)(3).