



Special Executive Report

DATE: May 23, 2017

SER#: 7923

SUBJECT: Amendments to CBOT Chapters 7, 14H and 14N in Connection with the Implementation of Variable Storage Rate and Migration of Delivery Rules for KC HRW Wheat Futures Contracts

Pending all CFTC regulatory review periods, the Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange") will amend Exchange Rulebook Chapter 7 ("Delivery Facilities and Procedures"), Chapter 14H ("KC HRW Wheat futures") and Chapter 14N ("Mini-Sized KC HRW Wheat futures") as summarized below.

CBOT Rulebook Chapter 7 (CBOT Submission Nos. [17-187](#), [Appendix A to 17-187](#) and [17-197](#)):

- Migrate delivery rules, delivery procedures and regularity rules for KC HRW Wheat futures from Chapter 14H and into Chapter 7, consistent with delivery rules, delivery procedures and regularity rules for other CBOT physically delivered agricultural futures.
- Amend the term for regularity for KC HRW Wheat warehouses from 1 year to 2 years.
- Amend minimum warehouse net worth requirement from \$0.15 per bushel of approved capacity to a minimum total net worth of \$5,000,000.
- Incorporate into Chapter 7, Rule 712 ("Delivery and Registration"), the clearing firms' obligations for the posting of collateral on registered and outstanding shipping certificates, warehouse certificates, and warehouse receipts with the Exchange. Such requirements are currently available under [SER-5285](#).

CBOT Rulebook Chapters 14H and 14N (CBOT Submission No. [17-188](#), [Appendix A](#), [Appendix B](#), and [Appendix C](#)):

- Eliminate delivery rules, delivery procedures and regularity rules that are being migrated into Chapter 7.
- Eliminate certain obsolete rules including legacy KC Board of Trade rules for delivery default and bankruptcy.

Effective with the March 2018 contract month and all subsequent contract months, and pending all CFTC regulatory review and approval periods, the Exchange will amend KC HRW Wheat futures and Mini-Sized KC HRW Wheat futures (the "Contracts") as summarized below.

CBOT Rulebook Chapters 14H and 14N (CBOT Submission No. [17-134](#)):

- Implement a Variable Storage Rate mechanism in lieu of seasonal storage rates effective with the Mar18/May18 spread (see [SER-7872](#) published April 24, 2017).
- Amend the Contracts' delivery instrument from a warehouse receipt to a shipping certificate.
- Amend the last delivery date from the last business day of the delivery month to the second business day following the last trading day and set the deadline to liquidate by means of a bona fide Exchange for Related Position to no later than the business day following the last trading day.

The implementation of the amendments under CBOT Submission Nos. 17-187 and 17-188 is contingent on the approval from the CFTC of CBOT Submission No. 17-134. The Exchange shall notify the marketplace of the implementation date upon receipt of such approval. Amendments under CBOT Submission No. 17-197 shall be effective June 7, 2017.

Please refer questions on this subject to:

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