



Special Executive Report

DATE: June 1, 2017

SER#: 7927

SUBJECT: Additional Information Regarding Amendments to the Delivery Mechanism for KC HRW Wheat Futures Contracts and Mini-Sized KC HRW Wheat Futures Contracts

As previously announced on May 23, 2017 (see [SER-7923](#)), pending all CFTC regulatory review periods, The Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange") will amend the delivery instrument from warehouse receipts to shipping certificates on KC HRW Wheat Futures contracts (CME Globex Code: KE; Clearing and CME ClearPort Code: KW; Rulebook Chapter 14H) and Mini-Sized KC HRW Wheat Futures contracts (Clearing and CME Globex Code: MKC; Rulebook Chapter 14N), ("the Contracts") following the December 2017 delivery period. All deliveries beginning with the March 2018 contract will be via shipping certificates.

To facilitate shipping certificates, Last Position Day, Last Notice Day, and Last Delivery Day will change on the Contracts, effective with the March 2018 contract. Last Position Day and Last Notice Day will change from the second to last business day of the contract month to the business day following the 14th calendar day of the contract month; Last Delivery Day will change from the last business day of the contract month to the second business day following the 14th calendar day of the contract month. The Contracts delivery calendar will mirror the Chicago SRW Wheat futures calendar.

Following the December delivery period but before February 27, 2018, all outstanding warehouse receipts will be converted to shipping certificates. Following conversion, owners' clearing firms will now hold shipping certificates within CME Deliveries Plus and will transfer ownership of the converted eGrain warehouse receipts back to the issuers' clearing firms.

The Exchange holds collateral for all outstanding shipping certificates. Upon conversion, the issuers' clearing firms will have the option to post letters of credit, cash, or existing eGrain warehouse receipts as collateral. Those choosing to post warehouse receipts will transfer ownership of such receipts to CME Clearing via the eGrain system.

The process of storage pays and collects will change with the conversion to shipping certificates from a clearing firm to clearing firm process to one handled automatically within CME Deliveries Plus. On March 1, 2018, storage will be paid and collected using the clearing firm to clearing firm process, and storage will be paid through February 28, 2018 on all outstanding shipping certificates. March 18, 2018 will be the first Deliveries Plus premium¹ charge collection, which will cover the period March 1, 2018 to March 17, 2018. A Deliveries Plus premium charge collection will occur on the 18th calendar day of each subsequent month, which will cover storage from the 18th calendar day of the previous month to the 17th calendar day of the current month.

Research & Product Development

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¹ Storage charges are referred to as premium charges in a shipping certificate environment.