

Chapter 14 Wheat Futures

14100. SCOPE OF CHAPTER

This chapter is limited in application to futures trading of wheat. The procedures for trading, clearing, inspection, delivery and settlement, and any other matters not specifically covered herein or in Chapter 7 shall be governed by the general rules of the Exchange.

14101. CONTRACT SPECIFICATIONS

Each futures contract shall be for 5,000 bushels of No. 2 Soft Red Winter, No. 2 Hard Red Winter, No. 2 Dark Northern Spring, and No. 2 Northern Spring at par; and No. 1 Soft Red Winter, No. 1 Hard Red Winter, No. 1 Dark Northern Spring and No. 1 Northern Spring at 3 cents per bushel over contract price. Every delivery of wheat may be made up of the authorized grades for shipment from eligible regular facilities provided that no lot delivered shall contain less than 5,000 bushels of any one grade in any one facility.

14102. TRADING SPECIFICATIONS

Trading in wheat futures is regularly conducted in five months – July, September, December, March and May. The number of months open for trading at a given time shall be determined by the Exchange.

14102.A. Trading Schedule

The hours for trading of wheat futures shall be determined by the Exchange.

On the last day of trading in an expiring future, the close of the expiring future shall begin at 12 o'clock noon and trading shall be permitted thereafter for a period not to exceed one minute. Quotations made during this one minute period shall constitute the close.

14102.B. Trading Unit

The unit of trading shall be 5,000 bushels of Wheat.

14102.C. Price Increments

The minimum fluctuation for wheat futures shall be ¼ cent per bushel (\$12.50 per contract), including spreads.

14102.D. Daily Price Limits¹

There shall be no trading in wheat futures at a price more than \$0.60 per bushel (\$3,000 per contract) above or below the previous day's settlement price. Should two or more wheat futures contract months within the first five listed non-spot contracts (or the remaining contract month in a crop year) close at limit bid or limit offer, the daily price limits for all contract months shall increase to \$0.90 per bushel the next business day. Should two or more wheat futures contract months within the first five listed non-spot contracts (or the remaining contract month in a crop year) close at limit bid or limit offer while price limits are \$0.90 per bushel, daily price limits for all contract months shall increase to \$1.35 per bushel the next business day. If price limits are \$1.35 per bushel and no wheat futures contract month closes limit bid or limit offer, daily price limits for all contract months shall revert back to \$0.90 per bushel the next business day. If price limits are \$0.90 per bushel and no wheat futures contract month closes limit bid or limit offer, daily price limits for all contract months shall revert back to \$0.60 per bushel the next business day. There shall be no price limits on the current month contract on or after the second business day preceding the first day of the delivery month.

14102.E. Position Limits

In accordance with Rule 559., Position Limits and Exemptions, no person shall own or control positions in excess of:

1. 600 contracts net long or net short in the spot month.

In the last five trading days of the expiring futures month in May, the speculative position limit will be 600 contracts if deliverable supplies are at or above 2,400 contracts, 500 contracts if deliverable supplies are between 2,000 and 2,399 contracts, 400 contracts if deliverable supplies are between 1,600 and 1,999 contracts, 300 contracts if deliverable supplies are

¹ Revised February 2008, April 2008.

between 1,200 and 1,599 contracts, and 220 contracts if deliverable supplies are below 1,200 contracts. Deliverable supplies will be determined from the CBOT's Stocks of Grain report on the Friday preceding the first notice day for the May contract month.

2. 12,000 futures-equivalent contracts net long or net short in any single month other than the spot month or in all months combined.
3. **Limit on Holdings of Registered and Outstanding Shipping Certificates** – No person, at any time, shall own or control more than 600 registered and outstanding Wheat Shipping Certificates issued by facilities designated by the Exchange as regular to issue shipping certificates for Wheat. The 600 certificate maximum shall include mini-sized Wheat certificates such that each mini-sized certificate represents the equivalent of one-fifth of a full-sized certificate.

If a person stops Wheat certificates for delivery in a quantity that would cause such person to exceed the 600 certificate limit, the person must cancel, retender or sell the quantity of certificates in excess of 600 not later than the following business day.

A person seeking an exemption from this limit for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

For the purposes of this rule, one mini-sized wheat contract is equivalent to one-fifth of a corresponding full-sized wheat contract, and positions in wheat and mini-sized wheat will be aggregated for the purpose of determining compliance with the contracts' position limit.

Refer to Rule 559. for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

14102.F. Termination of Trading

No trades in wheat futures deliverable in the current month shall be made after the business day preceding the 15th calendar day of that month. Any contracts remaining open after the last day of trading must be either:

- (a) Settled by delivery no later than the second business day following the last trading day (tender on business day prior to delivery).
- (b) Liquidated by means of a bona fide Exchange of Futures for Related Position, no later than the business day following the last trading day.

14103. RESERVED

14104. GRADES / GRADE DIFFERENTIALS¹

Upon written request by a taker of delivery at the time loading orders are submitted, a futures contract for the sale of wheat shall be performed on the basis of United States origin only.

WHEAT GRADE DIFFERENTIALS	
At 3¢ Premium	At Contract Price
No. 1 Soft Red Winter	No. 2 Soft Red Winter
No. 1 Hard Red Winter	No. 2 Hard Red Winter
No. 1 Dark Northern Spring	No. 2 Dark Northern Spring
No. 1 Northern Spring	No. 2 Northern Spring

Wheat which contains moisture in excess of 13.5% is not deliverable.

A contract for the sale of wheat for future delivery shall be performed on the basis of the grades officially promulgated by the Secretary of Agriculture as conforming to United States Standards at the time of making the contract. If no such United States grades shall have been officially promulgated, then such contract shall be performed on the basis of the grades established by the Department of Agriculture of the State of Illinois, or the standards established by the Rules of the Exchange in force at the time of making the contract.

¹ Revised November 2008

Effective September 1, 2011, all wheat shipping certificates shall be marked as either 2 parts per million deoxynivalenol (vomitoxin), 3 parts per million vomitoxin, or 4 parts per million vomitoxin. Shipping certificates marked as 2 parts per million vomitoxin shall be delivered at contract price, while shipping certificates marked as 3 parts per million shall be delivered at a 12 cent per bushel discount and shipping certificates marked as 4 parts per million shall be delivered at a 24 cent per bushel discount. A taker of delivery of wheat shall have the option to request in writing vomitoxin testing. At the taker's expense, a determination of the level of vomitoxin shall be made at the point of load-out by the Federal Grain Inspection Service or by a third party inspection service which is mutually agreeable to the maker and taker of delivery. Regular facilities shall load out wheat containing unit average testing results of 2 parts per million vomitoxin or below for canceled shipping certificates marked as 2 parts per million, shall load out wheat containing unit average testing results of 3 parts per million vomitoxin or below for canceled shipping certificates marked as 3 parts per million, and shall load out wheat containing unit average testing results of 4 parts per million vomitoxin or below for canceled shipping certificates marked as 4 parts per million.

Effective September 1, 2013, all wheat shipping certificates shall be marked as either 2 parts per million deoxynivalenol (vomitoxin), or 3 parts per million vomitoxin. Shipping certificates marked as 2 parts per million vomitoxin shall be delivered at contract price, while shipping certificates marked as 3 parts per million shall be delivered at a 20 cent per bushel discount. A taker of delivery of wheat shall have the option to request in writing vomitoxin testing. At the taker's expense, a determination of the level of vomitoxin shall be made at the point of load-out by the Federal Grain Inspection Service or by a third party inspection service which is mutually agreeable to the maker and taker of delivery. Regular facilities shall load out wheat containing unit average testing results of 2 parts per million vomitoxin or below for canceled shipping certificates marked as 2 parts per million and shall load out wheat containing unit average testing results of 3 parts per million vomitoxin or below for canceled shipping certificates marked as 3 parts per million.

14105. LOCATION DIFFERENTIALS

In accordance with the provisions of Rule 14106., wheat for shipment from regular facilities located within the Chicago Switching District, the Burns Harbor, Indiana Switching District, on the Ohio River, or the Toledo, Ohio Switching District may be delivered in satisfaction of Wheat futures contracts at contract price, subject to the differentials for class and grade outlined above. Wheat for shipment from regular facilities in the Northwest Ohio territory may be delivered in satisfaction of Wheat futures contracts at a discount of 20 cents per bushel, subject to the differentials for class and grade outlined above. Wheat for shipment from regular facilities on the Mississippi River may be delivered in satisfaction of Wheat futures contracts at a premium of 20 cents per bushel, subject to the differentials for class and grade outlined above. Only No. 1 Soft Red Winter and No. 2 Soft Red Winter Wheat for shipment from regular facilities located within the St. Louis-East St. Louis and Alton Switching districts may be delivered in satisfaction of Wheat futures contracts at a premium of 10 cents per bushel over contract price, subject to the differentials for class and grade.

For deliveries in the September 2013 and subsequent contracts:

In accordance with the provisions of Rule 14106., wheat for shipment from regular facilities located within the Chicago Switching District, the Burns Harbor, Indiana Switching District, on the Ohio River, or the Toledo, Ohio Switching District may be delivered in satisfaction of Wheat futures contracts at contract price, subject to the differentials for class and grade outlined above. Wheat for shipment from regular facilities in the Northwest Ohio territory may be delivered in satisfaction of Wheat futures contracts at a discount of 10 cents per bushel, subject to the differentials for class and grade outlined above. Wheat for shipment from regular facilities on the Mississippi River may be delivered in satisfaction of Wheat futures contracts at a premium of 20 cents per bushel, subject to the differentials for class and grade outlined above. Only No. 1 Soft Red Winter and No. 2 Soft Red Winter Wheat for shipment from regular facilities located within the St. Louis-East St. Louis and Alton Switching districts may be delivered in satisfaction of Wheat futures contracts at a premium of 10 cents per bushel over contract price, subject to the differentials for class and grade.

14106. DELIVERY POINTS

Wheat certificates shall specify shipment from one of the currently regular for delivery facilities located in one of the following territories:

Wheat for shipment from regular facilities located within the Chicago Switching District, the Burns Harbor, Indiana Switching District, the Northwest Ohio Territory, on Ohio River, on Mississippi River or the Toledo, Ohio Switching District may be delivered in satisfaction of wheat futures contracts.

Only No. 1 Soft Red Winter and No. 2 Soft Red Winter Wheat for shipment from regular facilities located within the St. Louis-East St. Louis and Alton Switching Districts may be delivered in satisfaction of Wheat futures. When used in these Rules, Burns Harbor, Indiana Switching District will be that area geographically defined by the boundaries of Burns Waterway Harbor at Burns Harbor, Indiana which is owned and operated by the Indiana Port Commission. The Northwest Ohio Territory shall be shuttle loading facilities within the following 12 counties: Allen, Crawford, Hancock, Hardin, Henry, Huron, Marion, Putnam, Sandusky, Seneca, Wood, and Wyandot. The Ohio River facilities shall be river loading facilities on the Ohio River from mile marker 455 to the Mississippi River. The Mississippi River facilities shall be river loading facilities on the Mississippi River downriver from the St. Louis-East St. Louis Alton Switching District to mile marker 715.

14107. REGISTRATION AND DELIVERY OF WHEAT CERTIFICATES AND DELIVERY PAYMENT¹

14107.A. Registration and Delivery of Wheat Certificates

(Refer to Rule 712., Delivery and Registration, and Rule 713., Delivery Procedures.)

14107.B. Delivery Payment

Delivery Payment shall be made utilizing the electronic delivery system via the Clearing House's online system. Delivery Payment will be made during the 6:45 a.m. collection cycle, or such other time designated by the Clearing House. Thus, the cost of delivery will be debited or credited to a clearing firm's settlement account. Buyers obligated to accept delivery must take delivery and make Delivery Payment and sellers obligated to make delivery must make delivery during the 6:45 a.m. settlement process, or such other time designated by the Clearing House, on the day of delivery, except on banking holidays when delivery must be taken or made and Delivery Payment made during the 6:45 a.m. settlement process, or such other time designated by the Clearing House, on the next banking business day. Adjustments for differences between contract prices and delivery prices established by the Clearing House shall be made with the Clearing House in accordance with its rules, policies and procedures.

14108. PREMIUM CHARGES²

To be valid for delivery on futures contracts, all certificates covering wheat under obligation for shipment must indicate the applicable premium charge. No certificate shall be valid for delivery on futures contracts unless the premium charges on such wheat shall have been paid up to and including the 18th calendar day of the preceding month, and such payment is endorsed on the certificate. Unpaid accumulated premium charges at the posted rate applicable to the facility shall be allowed and credited to the buyer by the seller up to and including date of delivery.

The maximum premium charges on Wheat shall be determined prior to the nearby contract delivery period. The Exchange shall measure the nearby spread relative to financial full carry each business day from the 19th calendar day of the delivery month of the contract that expires prior to the nearby contract until the last Friday which precedes by at least two business days the last business day of the month preceding the nearby contract delivery month. For example, for a September expiration, the Exchange would measure the September – December spread relative to financial full carry each business day from July 19 until the last Friday in August which precedes by at least two business days the last business day in August. Financial full carry will be determined by the following formula:

$$N * \left[\left(\frac{i}{360} \right) * FP + P \right]$$

Where:

N = Number of calendar days from the first delivery day in the nearby contract to the first delivery day in the contract that follows the nearby contract

i = 3-Month LIBOR rate + 200 basis points

FP = Settlement price for the nearby futures contract

P = Current daily premium charge

¹ Revised June 2008.

² Revised May 2010.

The percentage of the nearby spread to financial full carry is calculated each business day during the calculation period and a running average of each of these daily values is calculated. At the end of the calculation period (the last Friday which precedes by at least two business days the last business day of the month preceding the nearby contract delivery month), should the running average carry be 80 percent of financial full carry or greater, then the maximum daily premium charge shall increase 10/100's of one cent per bushel on the 18th calendar day of the nearby contract delivery month. Should the running average carry be 50 percent of financial full carry or less, then the maximum daily premium charge shall decrease 10/100's of one cent per bushel on the 18th calendar day of the nearby contract delivery month.

Premium charges shall not be reduced below 16.5/100's of one cent per bushel per day.

14109. REGULARITY OF FACILITIES AND ISSUERS OF SHIPPING CERTIFICATES

14109.A. Regularity Requirements

In addition to the conditions set forth in Rule 703. A., Conditions for Approval, the following shall constitute requirements and conditions for regularity:

1. The operator of a shipping station issuing wheat shipping certificates shall limit the number of shipping certificates issued to an amount not to exceed:
 - a. 20 times his registered total daily rate of loading barges on the Mississippi River, Ohio River and St. Louis-East St. Louis-Alton territories and;
 - b. not more than his registered storage capacity in the Chicago, Illinois; Burns Harbor, Indiana; Toledo, Ohio; and Northwest Ohio switching districts and;
 - c. a value greater than 50 percent of the operator's net worth.
2. The shipper issuing wheat shipping certificates shall register his total daily rate of loading for barges at his maximum 8 hour load out capacity in an amount not less than:
 - a. One barge per day at each shipping station within the Mississippi River, Ohio River and St. Louis-East St. Louis-Alton territories; and
 - b. three barges per day at each shipping station in the Chicago, Illinois and Burns Harbor, Indiana Switching Districts.
3. Shippers located in the Chicago, Illinois; Burns Harbor, Indiana; Northwest Ohio; and the Toledo, Ohio Switching Districts shall be connected by railroad tracks with one or more railway lines.

14109.B. Location

For the delivery of wheat, regular facilities may be located within the Chicago Switching District or within the Burns Harbor, Indiana Switching District (subject to the provisions of Paragraph A above), within the Toledo, Ohio Switching District, within the Northwest Ohio Territory defined as Allen, Crawford, Hancock, Hardin, Henry, Huron, Marion, Putnam, Sandusky, Seneca, Wood and Wyandot counties; on the Ohio river from mile marker 455 to the Mississippi River; on the Mississippi River downriver from the St. Louis-East St. Louis Alton Switching District to mile marker 715; or with respect to only No. 1 Soft Red Winter and No. 2 Soft Red Winter Wheat, within the St. Louis-East St. Louis or Alton Switching Districts.

Delivery in Toledo must be made by shipping certificates at regular facilities providing water loading facilities and maintaining water depth equal to normal seaway draft of 27 feet.

However, deliveries of wheat may be made in off-water elevators within the Toledo, Ohio Switching District PROVIDED that the party making delivery makes the grain available upon call within five calendar days to load into water equipment at one water location within the Toledo, Ohio Switching District. The party making delivery must declare within one business day after receiving shipping certificates and loading orders the water location at which wheat will be made available.

Any additional expense incurred to move delivery grain from an off-water elevator into water facilities shall be borne by the party making delivery; PROVIDED that the party taking delivery presents water equipment clean and ready to load within fifteen calendar days from the time the grain has been made available.

Official weights and official grades as loaded into the water equipment shall govern for delivery purposes.

Delivery in the St. Louis-East St. Louis or Alton Switching Districts, on the Ohio River, and on the Mississippi River must be by shipping certificates at regular facilities providing barge loading

facilities and maintaining water depth equal to the average draft of the current barge loadings in the St. Louis-East St. Louis and Alton barge loading districts, and equal to the average draft of the current barge loadings along the Ohio River, and along the Mississippi River, respectively.

14110. BILLING

14110.A. Chicago, Toledo, Northwest Ohio, Ohio River, Mississippi River and St. Louis Delivery

Wheat (Chicago, Toledo, Northwest Ohio, Ohio River, Mississippi River, and St. Louis delivery): The operator of the regular facility is not required to furnish transit billing on wheat represented by shipping certificate deliveries in Chicago, Illinois, Toledo, Ohio, St. Louis, Missouri, East St. Louis, Illinois, Alton, Illinois, or in locations of regular facilities in the Northwest Ohio Territory, along the Ohio River, or along the Mississippi River. Delivery shall be flat.

14110.B. Burns Harbor Delivery

(1) When Wheat represented by shipping certificates delivered from Burns Harbor is ordered out for shipment by rail, it will be the obligation of the party making delivery to protect the Chicago rail rate, if lower, which would apply to the owner's destination had a like kind and quantity of Wheat designated on shipping certificates been loaded out and shipped from a regular facility located in the Chicago Switching District. If Wheat is loaded out and shipped to an industry in the Chicago Switching District, the party making delivery will protect the minimum, crosstown switch charge in the Chicago Switching District.

When rail loading orders are submitted, the party taking delivery shall state in writing if he elects to receive the applicable rail rates from Burns Harbor or Chicago. If the party taking delivery specifies Burns Harbor, the party making delivery will load rail cars at the Burns Harbor regular facility and will not be required to protect the Chicago rates.

If the party taking delivery specifies Chicago rates, the party making delivery will declare on the day that the Wheat is ordered out for shipment by rail, the facility at which the Wheat will be made available, which is operated by the party making delivery and is located either in the Burns Harbor or the Chicago Switching Districts. If the declared facility is located in the Chicago Switching District, the party making delivery will provide only that billing specified in Rule 14110.A. However, if the declared facility is located in Burns Harbor and the rail rate from Chicago or the minimum Chicago crosstown switch charge requires protection, the party making delivery will compensate the party taking delivery. The compensation shall be in an amount equivalent to the difference of the freight charges from Burns Harbor and the freight charges which would be applicable had the Wheat been loaded at and shipped from a facility located in the Chicago Switching District to the owner's destination.