

MARKET REGULATION ADVISORY NOTICE

Exchange	CBOT
Subject	Settlement Procedures in CBOT Wheat, Rough Rice and Oats Futures
Rule References	Rule 813
Advisory Date	December 19, 2011
Advisory Number	CBOT RA1106-1
Effective Date	December 29, 2011

Pending the relevant CFTC regulatory review period, on December 29, 2011, CBOT will begin to settle all Oats futures contract months exclusively based on CME Globex activity, following the same procedures that are currently in effect in all Rough Rice futures contract months and the first five contract months in Wheat futures.

There will be no changes made to the current settlement procedures for Wheat or Rough Rice futures at this time; however, please see CME Group Special Executive Report [S-6048](#) from December 12, 2011, for additional information on forthcoming revisions to settlement procedures in **all** CBOT agricultural futures and select CME agricultural futures that are scheduled to be implemented in March and April 2012.

Settlement Procedures in Wheat, Rough Rice and Oats Futures

Exchange staff in the Globex Control Center (“GCC”) will settle the first five CBOT Wheat futures contracts and all Rough Rice and all Oats futures contracts based upon CME Globex activity.

The GCC will settle the lead month in each futures contract at the volume weighted average price (“VWAP”) of the outright trades executed in the lead month contract on CME Globex from 1:14:00 to 1:15:00 p.m. in Wheat, Rough Rice and Oats, rounded to the nearest tick.

The expiring contract (when it is not the lead month) or the first deferred contract (when the lead month is the expiring contract) will be settled by GCC based upon the spread relationship with the lead month. GCC will calculate the VWAP of the relevant spread traded on CME Globex during the period from 1:14:00 to 1:15:00 p.m. and, provided a minimum of 50 spreads trade in Wheat, 5 spreads trade in Rough Rice or 5 spreads trade in Oats, will imply the settlement price from the lead month settlement and the spread’s VWAP. If fewer than the designated minimum quantity of spreads trade during the relevant period, GCC will use the midpoint of the bid/offer in the spread at 1:15:00 p.m. to imply the settlement price.

The next three contract months in Wheat and all subsequent contract months in Rough Rice and Oats will be settled in chronological order based upon spread relationships with the contracts already settled. For each contract, GCC will calculate the VWAP of the traded spreads involving that contract and any previously settled contracts to determine implied prices and, provided that the minimum quantity of spreads trade, will calculate the VWAP of those implied prices to establish the settlement price for that contract month. If fewer than the minimum quantity of spreads trade, GCC will use the midpoint of the bid/offer in the relevant spreads at 1:15:00 p.m. to imply prices for the contract and will settle the contract at the median implied price.

Contract months beyond the fifth listed contract month in Wheat will be settled by the Pit Committee, in consultation with Exchange staff, based upon spread relationships. In the absence of material spread trading activity in the pit during the close, the Exchange will rely on other available market information to determine an appropriate settlement price.

Notwithstanding the foregoing, in the event the aforementioned calculations cannot be made or if the GCC, in its sole discretion, determines that anomalous activity yields results that are not representative of the fair value of the contract, the GCC may determine an alternative settlement price.

Settlement on Last Trading Day

On the expiring contract's last trading day, the expiring contract will settle based on the VWAP of the outright CME Globex trades in the expiring contract and the implied values from the expiring month/lead month spreads executed on the CME Globex platform between 12:00:00 and 12:01:00 p.m.

In the absence of outright or spread trades during this period, the settlement price will be the best bid or best offer in the expiring contract at 12:00:50 p.m., whichever is closer to the last trade price. If there is not a bid/offer pair in the expiring contract at that time, the settlement price will be the best bid or offer implied by the bid/offer in the spread at 12:00:50 p.m., whichever is closer to the last outright trade price in the expiring contract.

Only bids and offers that remain active through expiration at 12:01:00 p.m. will be considered in these calculations. In the event there is insufficient activity to make the aforementioned calculations, the Exchange may rely on earlier data or other available market information to determine an appropriate settlement price.

Questions regarding this Advisory Notice may be directed to the following individuals:

Tom Lord, Director, Settlements, 312.338.2881

Dean Payton, Managing Director, Market Regulation, 312.435.3658

For media inquiries concerning this Advisory Notice, please contact CME Group Corporate Communications at 312.930.3434 or news@cmegroup.com.