



Special Executive Report

S-5911R

December 1, 2011

PLANNED CHANGES TO CBOT WHEAT AND MINI-SIZED WHEAT FUTURES

This SER Supersedes SER S-5911 issued on August 30, 2011
<http://www.cmegroup.com/rulebook/rulechanges.html>

As part of its ongoing contract review process, CME Group has held customer focus meetings and conducted an industry-wide survey with a broad cross-section of CBOT Wheat market participants. The purpose of this outreach was to garner feedback on contract market performance to assure the CBOT Wheat futures market continues to meet customer trading and risk management needs.

Market participants provided feedback on a broad range of contract terms, but a consensus arose out of two main areas:

That deliverable wheat meet standard merchandisable quality standards, and that the contract retain sufficient deliverable supply to ensure that the delivery process provides adequate supplies to those taking delivery

Based on this feedback, the Exchange intends to implement the following changes to the CBOT Wheat and Mini-Sized Wheat futures contracts beginning with the September 2013 contract:

1. Eliminate wheat containing 4 parts per million (ppm) vomitoxin from deliverable grades.
2. Increase the discount for wheat containing 3 ppm vomitoxin from 12 cents per bushel to 20 cents per bushel.
3. Reduce the discount for wheat delivered in the Northwest Ohio delivery territory from 20 cents per bushel to 10 cents per bushel.

Affected product terms and conditions are attached.

Questions may be directed to Fred Seamon (312-634-1587 or Fred.Seamon@CMEGroup.com).

Attachment

CBOT Rulebook Chapter 14. Wheat Futures

14104. GRADES / GRADE DIFFERENTIALS

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.

<u>WHEAT GRADE DIFFERENTIALS</u>	
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.

~~[A taker of delivery of wheat shall have the option to request in writing load-out of wheat which contains no more than 4 (four) parts per million of deoxynivalenol (vomitoxin). 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.]~~

~~[Effective September 1, 2009, all wheat shipping certificates shall be marked as either 3 parts per million deoxynivalenol (vomitoxin) or 4 parts per million vomitoxin. Shipping certificates marked as 3 parts per million vomitoxin shall be delivered at contract price, while shipping certificates marked as 4 parts per million shall be delivered at a 12-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 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, 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] **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. 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.

CBOT Rulebook

Chapter 14B. Mini-Sized Wheat Futures

14B05. LOCATION DIFFERENTIALS

In accordance with the provisions of Rule 14B06., 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 minisized 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 mini-sized Wheat futures contracts at a discount of [20] **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 mini-sized Wheat futures contracts at a premium of 20 cents per bushel, subject to the differentials for class and grade outlined above. Wheat for shipment from regular facilities located within the St. Louis-East St. Louis and Alton Switching districts may be delivered in satisfaction of mini-sized Wheat futures contracts at a premium of 10 cents per bushel over contract price, subject to the differentials for class and grade.