



A CME/Chicago Board of Trade/NYMEX Company

Special Executive Report

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CFTC APPROVAL OF VARIABLE STORAGE RATES IN WHEAT

The Commodity Futures Trading Commission (CFTC) has approved the implementation of Variable Storage Rates (VSR) for CBOT Wheat futures contracts effective with the July 2010 contract.

The approved VSR rule will replace the Seasonal Storage Charge rule beginning in July 2010. The seasonal adjustment scheduled for December 18, 2009, will occur as scheduled with the daily maximum storage charge decreasing from 26.5/100s to 16.5/100s of one cent per bushel on that date. However, because VSR replaces seasonal storage changes with the July 2010 expiration, there will be no automatic increase in daily storage charges from 16.5/100s to 26.5/100s of one cent per bushel on July, 18, 2010. Instead, the July 2010 – September 2010 futures spread will be measured relative to financial full carry from May 19, 2010, until June 25, 2010. Should this spread average 80 percent of financial full carry or more during this period, then the daily maximum storage charge will increase 10/100s to 26.5/100s of one cent per bushel on July 18, 2010. Following the July 2010 expiration, the September 2010 – December 2010 futures spread will be measured relative to financial full carry. Should this spread average 80 percent of financial full carry or more during the evaluation period from July 19, 2010, until August 27, 2010, then the daily maximum storage charge would increase 10/100s of one cent per bushel on September 18, 2010. Should this spread average 50 percent of financial full carry or less during this evaluation period, then the daily maximum storage charge would decrease 10/100s of one cent per bushel on September 18, 2010. This process will continue following each contract expiration; the nearby spread will be measured relative to financial full carry with measures of 80 percent or greater triggering increased daily maximum storage charges and measures of 50 percent or below triggering decreased daily maximum storage charges on the 18th calendar day following the delivery period. Daily maximum storage charges will not be reduced below 16.5/100s of one cent per bushel.

The changes to the CBOT Wheat and Mini-sized Wheat futures contracts are attached with **additions bold and underlined** and ~~[deletions bracketed with strikethrough]~~.

If you require any additional information, please contact Dave Lehman at 312-930-1875 or via e-mail at David.Lehman@cmegroup.com; or Fred Seamon at 312-634-1587 or via e-mail at Fred.Seamon@cmegroup.com.

14108. PREMIUM CHARGES

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

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.

~~[The premium charges on Wheat shall not exceed 26.5/100 of one cent per bushel per day during the period from July 18 through December 17. The premium charges on Wheat shall not~~

~~exceed 16.5/100 of one cent per bushel per day during the period from December 18 through July 17.]~~

14B08. PREMIUM CHARGES

To be valid for delivery on futures contracts, all certificates covering mini-sized 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 mini-sized 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

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.

~~[The premium charges on mini-sized Wheat shall not exceed 26.5/100 of one cent per bushel per day during the period from July 18 through December 17. The premium charges on mini-sized Wheat shall not exceed 16.5/100 of one cent per bushel per day during the period from December 18 through July 17.]~~