



## Special Executive Report

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**DATE:** 21 August 2015

**SER#:** 7444

**SUBJECT: PROTEIN CLAIMS IN SOYBEAN MEAL FUTURES**

**This SER replaces SER S-4900 issued 19 June 2009.**

Due to the characteristics of the 2014/15 soybean crop, The Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange") has re-evaluated Exchange rules in connection with protein deficiency claims on load-outs from cancelled Soybean Meal futures (Globex Code: ZM; Clearing Code: 06; Rulebook Chapter 13) shipping certificates.

CBOT Rule 13105. ("Sampling") states, in part:

*Any shipment of Soybean Meal testing within 0.5% of protein below 48% protein (basis official sample moisture 12.0% or less; protein to be calculated on 12.0% moisture basis if official sample moisture exceeds 12.0%) shall not be subject to rejection or penalty on account of protein content. Protein deficiency claims shall be settled between the parties on the basis of two times the delivered market price per unit of protein on date of shipment and shall be calculated on the same moisture basis as for protein rejection.*

Soybean meal testing 47.5 percent protein or greater shall not be penalized and may not be rejected by the buyer. However, soybean meal testing below 47.5 percent protein may be rejected by the buyer. A buyer choosing not to reject a shipment of soybean meal testing below 47.5 percent protein shall submit a protein deficiency claim for two times the market price per unit of protein below 48 percent.

For example, suppose a soybean meal shipment from a cancelled shipping certificate tests 46.5 percent protein and the market price per unit of protein on the date of shipment is \$325 per ton. The owner of this certificate may reject this shipment of 46.5 percent protein soybean meal. However, if the buyer does not reject this shipment, the penalty shall be:

Market Price per Unit of Protein:  $\$325/48 = \$6.77$

Two Times the Market Price per Unit of Protein:  $\$6.77 * 2 = \$13.54$

Two Times the Market Price per Unit of Protein below Spec =  $\$13.54 * 1.5 = \$20.31$

In this scenario, the certificate owner could submit a deficiency claim to the warehouseman for \$20.31 per ton.

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