



Special Executive Report

DATE: March 7, 2014

SER#: 7044

SUBJECT: Launch of Mini-Sized KC HRW Wheat Futures Contract

Effective Sunday, March 23, 2014 for trade date Monday, March 24, 2014, and pending all relevant CFTC regulatory review periods, the Chicago Board of Trade of the City of Chicago, Inc. (CBOT or Exchange) will launch Mini-Sized KC HRW Wheat futures (Rulebook Chapter: 10N; Trading Floor Code: MKC; CME Globex Code: MKC) for trading on CME Globex and the CBOT trading floor, and for submission for clearing through CME ClearPort.

Mini-Sized KC HRW Wheat futures are a smaller-sized version (1,000 bushels) of the highly liquid standard-sized (5,000 bushels) CBOT KC HRW Wheat futures. Existing mini-sized contracts on Corn, Soybean, and Chicago SRW Wheat futures continue to be popular with small commercial customers such as country elevators because they allow more precise hedging for these customers. The Exchange has received feedback suggesting a similar need for Mini-Sized KC HRW Wheat futures. Additionally, because mini-sized products have slightly longer trading hours and because mini- and standard-sized products allow for offsets, the mini-sized products continue to be a popular tool for adjusting positions at the end of each trading day for all categories of traders.

Mini-Sized KC HRW Wheat futures will have the same contract specifications – product size, tick size, price limits, position limits, trading hours, venues, last trade date, daily and final settlement – as the existing CBOT Mini-Sized Corn, Soybean, and Chicago SRW Wheat futures. Detailed contract specifications are attached.

Fee Schedule

CBOT Member Firms and Individuals – Mini-Sized KC HRW Wheat Futures – Exchange Fees

Level	Account Owner	Execution Type	Platform	Exchange Fee
Individual Member				
1	Individual Members	Member Trading Own Account	Open Auction	\$0.06
			Electronic	\$0.14
	Individual Delegates	Delegate Trading Own Account	Open Auction	\$0.21
			Electronic	\$0.24
Equity Members (Individual Equity members, Clearing Firms and Equity Firms)				
2	Equity Members ¹	Member or	Open Auction	\$0.06

		Delegate	Electronic	\$0.14
	Equity Members ¹	Non Member	Open Auction	N/A
			Electronic	\$0.40
	Rule 106.S. Family of Funds Equity Member Firms	Member, Delegate or Non Member	Open Auction	\$0.06
			Electronic	\$0.40

¹ *Clearing Closely Held Corporate Members & Sole Proprietors, Rule 106.J. Equity Closely Held Corporate Members & Rule 106.I. Affiliate Equity Member Firms, Individual Equity Members (other member/delegate executing), Clearing FCMs, Rule 106.J. Equity FCMs, Clearing Corporate Members, Rule 106.J. Equity Corporate Members & Rule 106.I. Affiliate Equity Member Firm (Affiliate of Clearing FCM, Clearing Corporate Member or Rule 106.J Equity FCM or Equity Corporate Member), Rule 106.I. Affiliate Membership Umbrella - Qualified Affiliate - Unlimited Number of Affiliates*

(Execution Not a Factor in Membership Types Below)

Level	Account Owner	Platform	Exchange Fee
Trading Members (Individual Non-Equity Members and Non-Equity Member Firms)			
3	Individual Non-Equity Members (other member/delegate executing); Rule 106.H. Corporate Trading Firms; Rule 106.H. Trading FCMs; & Rule 106.I. Affiliate Trading Member Firms	Open Auction	\$0.20
		Electronic	\$0.60
	Individual Delegates (Other Member or Delegate executing the trade) & Rule 106.I. Affiliate Trading Member Firms	Open Auction	\$0.35
		Electronic	\$0.75
	Rule 106.S. Family of Funds Equity Member Firms	Open Auction	\$0.20
		Electronic	\$0.60
Electronic Corporate Member Firms			
4	Electronic Corporate Members	Electronic	\$0.75
Non Members			
5	International Incentive Program & International Volume Incentive Program (IVIP) Participants	Electronic	\$0.75
	Asian Incentive Program; Latin American Bank Incentive Program, Latin American Fund Manager Incentive Program & Central Bank Incentive Program	Electronic	\$0.75
	Non Members	Open Auction	\$0.43
Electronic		\$0.97	

CBOT RATE TEMPLATE CONTINUED

Other CBOT Processing Fees	Rate
Ex-Pit Surcharges - EFPs	\$0.75
Ex-Pit Surcharges - EFRs	\$1.25
Ex-Pit Surcharges – Block and Block Spread	\$0.75
Fungibility & Directed Fungibility Surcharge (currently applies to Dow and Ag)	\$0.00
Exchange Fees for Non Trades Member/Delegate/KC HRW Incentive Program/NonMbr	\$0.05/\$0.20/\$0.25/\$0.50
Facilitation Fee	\$0.20
Expired Options	\$0.05

Clearing Fees ²	\$0.06
Position Adjustments /Position Transfers	\$0.10
Exercise/Assignment Surcharge	\$0.05
Future from Exercise and Assignment Surcharge	\$0.05
Brokerage Fees – with discretion 106F within / 106D or106F outside	\$0.00/\$0.15
Brokerage Fees – KC HRW Eligible Participant Individual or Individual Assignee	n/a
Brokerage Fees – without discretion Mbr or 106F within / 106D,106F outside, or CMECE	\$0.04/\$0.17

² Clearing Fee - Contracts Cleared (including give-ups, OTC, EFPs, EFSs & EFRs, and Blocks)

CBOT Transaction Fees Schedule for KC HRW Incentive Program				Mini-Sized HRW Wheat Futures
Level	Account Owner	Trading Right of Individual Executing the Trade	Platform	Exchange Fee
Individual Eligible Participants				
1	Individual Eligible Participants	Eligible Participant Trading Own Account	Open Auction	\$0.11
			Electronic	\$0.19
	Individual Assignee	Assignee Trading Own Account	Open Auction	\$0.26
			Electronic	\$0.29
Level	Account Owner	Execution Type	Platform	Exchange Fee
Non-Individual Eligible Participants (also includes Individual Participants/Assignee)				
3	Non-Individual Eligible Participant	Any	Open Auction	\$0.25
			Electronic	\$0.65
	Individual Eligible Participants (when another individual executes the trade)	Any (trades executed by any other individual that is not the Account Owner)	Open Auction	\$0.25
			Electronic	\$0.65
	Individual Assignee (when another individual executes the trade)	Any (trades executed by any other individual that is not the Account Owner)	Open Auction	\$0.40
			Electronic	\$0.80
Fee Program Eligibility		Mini-Sized Hard Red Winter Wheat Futures (inclusion/exclusion)		
CBOT Ag Back Month Program		Exclusion		
CBOT Ag Volume Discount Program (General and Market Maker)		Exclusion		
CBOT Fee Cap		Inclusion		
Other Ag Market Maker/ Targeted Participant Programs		Exclusion		
NTIP		Inclusion		
IVIP		Inclusion		

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KC HRW Wheat Calendar Spread Options: Consecutive

Contract Size	1,000 bushels	
Tick Size (Minimum Fluctuation)	1/8 of one cent per bushel (\$1.25 per contract)	
Pricing Unit	Cents per bushel	
Contract Months	July, September, December, March, May	
First Listed Month at Launch	May 2014	
Daily Price Limit	Consistent with standard-sized KC HRW Wheat futures	
Delivery Premiums/Discounts	<p>Deliveries in satisfaction of mini-sized KC HRW Wheat futures contracts may be made by electronic warehouse depository receipt created by the Exchange from registered warehouse receipts issued by a regular elevator at any of the locations prescribed by Rule 14N06 at the following prescribed premiums/discounts (differentials):</p> <p>Kansas City, Missouri/Kansas contract price; Wichita, Kansas at six cents (6¢) per bushel under contract price; Hutchinson, Kansas at nine cents (9¢) per bushel under contract price; Salina/Abilene, Kansas at twelve cents (12¢) per bushel under contract price.</p>	
Last Trade Date	Business day prior to the 15 th calendar day of the contract month.	
Last Delivery Day	Last business day of the contract month	
Contract Offsets	With the consent of the account controller, a clearing member may offset and liquidate long mini-sized futures positions against short full-sized futures positions, or short mini-sized futures positions against long full-sized futures positions, held in the same account in the ratios of 5 mini-sized contracts to 1 full-sized contract	
Position Limits	<p>600 standard-sized futures- equivalent contracts net long or net short in the spot month; 12,000 standard-sized futures- equivalent contracts net long or net short in any single contract month excluding the spot month; 12,000 standard-sized futures-equivalent contracts net long or net short in all months combined.</p> <p>Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.</p>	
Trading Hours	CME Globex (Electronic Platform)	Sunday – Friday, 7:00 p.m. – 7:45 a.m. CT and Monday – Friday, 8:30 a.m. – 1:45 p.m. CT
	Open Outcry (Trading Floor)	Monday – Friday, 8:30 a.m. – 1:45 p.m. CT
Ticker Symbol	<p>CME Globex: MKC</p> <p>Open Outcry: MKC</p>	
Exchange Rule	This contract is listed with, and subject to, the rules and regulations of CBOT.	

Chapter 14N Mini-Sized KC HRW Wheat Futures

14N00. SCOPE OF CHAPTER

This chapter is limited in application to futures trading of Mini-Sized KC HRW Wheat. The procedures for trading, clearing, inspection, delivery and settlement, and any other matters not specifically covered herein or in Chapters 7 and 14H shall be governed by the general rules of the Exchange.

14N01. CONTRACT SPECIFICATIONS

Each futures contract shall be for 1,000 bushels of:

No. 1 Hard Red Winter wheat with eleven percent (11%) protein level or higher deliverable at one and one-half cents (1.5¢) per bushel over contract price.

No. 2 Hard Red Winter wheat with eleven percent (11%) protein level or higher deliverable at contract price.

All above grades are deliverable at protein levels equal to or greater than ten and one-half percent (10.5%) but less than eleven percent (11%) at a ten cent (10¢) per bushel discount to contract price. Protein levels of less than ten and one-half percent (10.5%) are not deliverable on the contract.

Every delivery of Mini-Sized KC HRW wheat may be made up of the authorized grades for shipment from eligible regular facilities provided that no lot delivered shall contain less than 1,000 bushels of any one grade in any one facility.

14N02. TRADING SPECIFICATIONS

Trading in Mini-Sized KC HRW 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.

14N02.A. Trading Schedule

The hours for trading of Mini-Sized KC HRW 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.

14N02.B. Trading Unit

The unit of trading shall be 1,000 bushels of wheat.

14N02.C. Price Increments

The minimum fluctuation for Mini-Sized KC HRW Wheat futures shall be 1/8 cent per bushel (\$1.25 per contract), including spreads.

14N02.D. Daily Price Limits

Daily price limits for Mini-Sized KC HRW Wheat futures are the same as those for standard-sized KC HRW Wheat futures on the same day.

14N02.E. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits 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.

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

In calculating a Spot Month position in Mini-Sized KC HRW Wheat, the number of contracts against which delivery notices have been stopped (issued) during that delivery month minus the number of contracts against which delivery notices have been issued (stopped) during that delivery month shall be added to that Spot Month's long (short) futures position. As an example, if a person goes into a Spot Month with the maximum position of six hundred (600) net long equivalent full-sized contracts and takes delivery of warehouse receipts in satisfaction of five hundred (500) of such long equivalent full-sized contracts and does not establish a short position in that same Spot Month for purposes of redelivering such warehouse receipts, such person may not have a Spot Month futures position in excess of one hundred (100) net long equivalent full-sized contracts.

14N02.F. Termination of Trading

No trades in Mini-Sized KC HRW Wheat futures deliverable in the current month shall be made after the business day preceding the 15th calendar day of that month, except that outstanding futures contracts for such delivery may be liquidated by means of a bona fide Exchange of Futures for Related Position.

14N03. SETTLEMENT PRICES

Settlement prices of Mini-Sized KC HRW Wheat futures contracts shall be set equal to the settlement prices of the corresponding contracts in the primary KC HRW Wheat futures market. Where a particular contract has opened on the Exchange for which the primary market has established no settlement price, the Clearing House shall set a settlement price consistent with the spread relationships of other contracts; provided, however, that if the contract is not subject to daily price fluctuation limits then the settlement prices shall be set at the fair market value of the contract at the close of trading.

14N04. GRADES / GRADE DIFFERENTIALS

A Mini-Sized KC HRW Wheat futures contract for the sale of wheat shall be performed on the basis of United States origin only upon written request by a taker of delivery at the time load-out instructions are submitted.

No. 1 Hard Red Winter wheat with eleven percent (11%) protein level or higher deliverable at one and one-half cents (1.5¢) per bushel over contract price.

No. 2 Hard Red Winter wheat with eleven percent (11%) protein level or higher deliverable at contract price.

All above grades are deliverable at protein levels equal to or greater than ten and one-half percent (10.5%) but less than eleven percent (11%) at a ten cent (10¢) per bushel discount to contract price. Protein levels of less than ten and one-half percent (10.5%) are not deliverable on the contract.

Electronic warehouse receipts delivered in satisfaction of full-sized KC HRW Wheat futures contracts to the Clearing House and registered with the Exchange, must indicate thereon, if wheat, maximum of thirteen and one-half percent (13.5%) moisture.

Electronic warehouse receipts delivered in satisfaction of futures contracts to the Clearing House and registered with the Exchange must indicate thereon, for wheat, a maximum of ten (10) IDK (indicating no more than 10 insect damaged kernels per 100 grams). As of the effective date of this rule, any electronic warehouse receipts previously issued and outstanding (that do not indicate thereon a maximum of 10 IDK) shall be subject to the 10 IDK restriction of this rule.

14N05. LOCATION DIFFERENTIALS

Deliveries in satisfaction of Mini-Sized KC HRW Wheat futures contracts may be made by electronic warehouse depository receipt created by the Exchange from registered warehouse receipts issued by a regular elevator at any of the locations prescribed by Rule 14N06 at the following prescribed premiums/discounts (differentials):

Kansas City, Missouri/Kansas contract price; Wichita, Kansas at six cents (6¢) per bushel under contract price; Hutchinson, Kansas at nine cents (9¢) per bushel under contract price; Salina/Abilene, Kansas at twelve cents (12¢) per bushel under contract price.

14N06. DELIVERY POINTS

Regular elevators or warehouses shall be located in the switching limits of:

- 1.) Kansas City, Missouri/Kansas,
- 2.) Hutchinson, Kansas,
- 3.) Salina/Abilene, Kansas, or
- 4.) Wichita, Kansas.

14N07. DELIVERIES BY MINI-SIZED KC HRW WHEAT WAREHOUSE DEPOSITORY RECEIPTS AND DELIVERY PAYMENT

Deliveries of Mini-Sized KC HRW Wheat shall be made by delivery of Mini-Sized KC HRW Wheat Warehouse Depository Receipts created by the Exchange from KC HRW Wheat Warehouse Receipts issued by facilities designated by the Exchange as regular to issue warehouse receipts for KC HRW Wheat, through the Clearing House. In order to effect a valid delivery, each Depository Receipt must be properly endorsed by the holder making the delivery, and transfer as specified above constitutes endorsement. Such endorsement shall constitute a warranty of the genuineness of the Depository Receipts and of good title thereto, but shall not constitute a guaranty, by an endorser, of performance by the warehouseman. Such endorsement shall also constitute a representation that all storage charges have been paid on the commodity covered by the Depository Receipts, in accordance with Rule 14N10.

Deliveries for Mini-Sized KC HRW Wheat futures contracts will be restricted to multiples of five (5) Mini-Sized KC HRW Wheat futures contracts on all days on which deliveries may take place with the exception of the last intent day. On the last intent day, there will be no restriction on the delivery Quantity. Mini-sized KC HRW Wheat Warehouse Depository Receipts may not be cancelled for load-out. Upon the return of five (5) mini-sized KC HRW Wheat Warehouse Depository Receipts to the Exchange, a registered KC HRW Wheat Warehouse Receipt will be delivered by the Exchange to the holder of the five (5) Mini-Sized KC HRW Wheat Warehouse Depository Receipts, utilizing the Clearing House electronic delivery system.

(Refer to Rule 713., Delivery Procedures.)

14N10. STORAGE CHARGES

No Mini-Sized KC HRW Wheat electronic Warehouse Depository Receipts covering grain in store shall be valid for delivery on futures contracts unless the storage and insurance charges set forth in this Rule (but not load-out fee) on such grain have been paid up to the first calendar day of each contract delivery month (whether or not such depository receipts will be delivered in satisfaction of futures contracts) and such payment endorsed on the electronic warehouse depository receipt. Such endorsement may be made, at the option of the holder, by the regular warehouse issuing the receipt or Exchange staff upon payment to the Exchange Secretary as agent of the warehouse company. Unpaid accumulated storage and insurance charges and the load-out fee shall be assumed by the buyer. Failure to pay the storage and insurance charges by the business day preceding the first calendar day of each contract delivery month shall be deemed a violation subject to the disciplinary procedures set forth in Chapter 4 of the Rules.

On all deliveries by regular electronic Warehouse Depository Receipts, the deliverer (seller) shall allow storage and insurance charges accrued to date of delivery.

Under the authority of Rule 14H16.G, the maximum storage and insurance charge for regular elevators on grain delivered on futures contracts is established at \$.00197 per bushel per day from December 1 to June 30, and \$.00296 per bushel per day from July 1 to November 30.

855. OFFSETTING MINI-SIZED AND FULL-SIZED FUTURES POSITIONS

B. Physically delivered futures contracts - With the consent of the account controller, a clearing member may offset and liquidate long mini-sized futures positions against short full-sized futures positions, or short mini-sized futures positions against long full-sized futures positions, held in the same account in the following ratios of mini-sized to full-sized futures contracts:

Mini-sized (1000 bu.) Corn to Full-sized (5000 bu.) Corn 5:1

Mini-sized (1000 bu.) Soybean to Full-sized (5000 bu.) Soybean 5:1

Mini-sized (1000 bu.) Wheat to Full-sized (5000 bu.) Wheat 5:1

Mini-sized (1000 bu.) KC HRW Wheat to Full-sized (5000 bu.) KC HRW Wheat 5:1