



## Special Executive Report

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S- 6237

June 4, 2012

### **Increased Storage Charges in CBOT Rough Rice Futures Starting September 18, 2012**

**This SER has been superseded by SER S-6237R issued on June 11, 2012.**

Pending CFTC approval, the CBOT will increase the maximum storage charge that an approved regular rice warehouse may charge holders of its outstanding warehouse receipts from 34/100s of one cent per hundredweight per day (approximately 10 cents per hundredweight per month) to 42/100s of one cent per hundredweight per day (approximately 12.5 cents per hundredweight per month).

During the first quarter of 2012, CME Group held 15 individual meetings with market participants, held an industry meeting attended by over 75 people, and conducted a market survey of the industry. This outreach indicated widespread support for increased maximum storage charges in the Rough Rice market, as storage charges have been constant since the contract's introduction in Chicago in the mid 1980s. Less defined support exists for extending the Rough Rice futures delivery territory to the Mississippi River and changing the delivery instrument from a warehouse receipt to a shipping certificate. CME Group has decided not to pursue delivery territory expansion and shipping certificates at this time, but will likely revisit those issues in the future.

Questions may be directed to Fred Seamon at 312.634.1587 or [Fred.Seamon@cmegroup.com](mailto:Fred.Seamon@cmegroup.com) or Susan Sutherland at 312.930.2325 or [Susan.Sutherland@cmegroup.com](mailto:Susan.Sutherland@cmegroup.com).

The proposed change is below with deletions [~~bracketed with strikethrough~~] and additions **bold and underlined**.

### **17108. STORAGE CHARGES**

Storage charges on rough rice shall not exceed such charges as have been filed with the Exchange in accordance with Rule 17109.A. (which shall be designed to cover costs of storage, insurance and taxes).

No rough rice warehouse receipts shall be valid for delivery on futures contracts unless the storage charges shall have been paid up to and including the 18th day of the preceding month and such payment endorsed on the rough rice warehouse receipt. Unpaid accumulated storage charges at the posted tariff applicable to the warehouse where the rough rice is stored shall be allowed and credited to the buyer by the seller to and including the date of delivery. If storage charges up to and including the 18th calendar day preceding the delivery months of March, July and September and are not paid by the first calendar day of any such delivery month, a late charge will apply. The late charge will be an amount equal to the total unpaid accumulated storage charges multiplied by the "prime interest rate" in effect on the day that the accrued storage charges are paid, all multiplied by the number of calendar days that storage is overdue divided by 360 days. The term "prime interest rate" shall mean the lowest of the rates announced by each of the following four banks at Chicago, Illinois, as its "prime rate": Bank of America-Illinois, JP Morgan Chase & Co., Harris Trust & Savings Bank and the Northern Trust Company.

Storage on rough rice shall not exceed [~~34/100~~] **42/100** of a cent per hundredweight per day. Regular Rough Rice warehousemen shall maintain in the immediate vicinity of the Exchange either an office, or a duly authorized representative or agent which is a registered clearing member of the Exchange, to whom Rough Rice storage charges must be paid.