



## Special Executive Report

**DATE:** December 15, 2017

**SER#:** 8066

**SUBJECT: REMINDER: Implementation of Amendments to the Delivery and Storage Mechanisms for KC HRW Wheat Futures and Mini-Sized KC HRW Wheat Futures Contracts**

As previously reported in [SER-7923](#), [SER-7927](#), [SER-7872](#), and [SER-7957](#), effective with the March 2018 contract, KC HRW Wheat futures (Rulebook Chapter 14H; Globex Code: KE; Commodity Code KW) and Mini-Sized KC HRW Wheat futures (Rulebook Chapter 14N; Globex Code and Commodity Code: MKC) contracts (the "Contracts") will be subject to the implementation of a Variable Storage Rate ("VSR") mechanism and a change to the delivery instrument from warehouse receipts to shipping certificates.

The Exchange will implement the VSR mechanism with an initial observation period beginning on December 19, 2017 and ending on February 23, 2018 (the "Observation Period"), evaluating the 2018 March – May KC HRW Wheat calendar spread relative to financial full carry with any changes to the storage rate effective on March 18, 2018. The storage rate will remain at 19.7/100s of one cent per bushel per day until the VSR mechanism triggers a change to the storage rate, at which point the storage rate will become either 16.5/100s of one cent per bushel per day if the storage rate is triggered down or 26.5/100s of one cent per bushel per day if the storage rate is triggered up. The seasonal storage rate currently in place for the Contracts will be suspended in lieu of the VSR mechanism, meaning the rate of 19.7/100s of one cent per bushel per day will remain in place until triggered up or down by the VSR mechanism.

Market participants may follow the daily calculation of the VSR mechanism by opening the VSR Calculator available on the CME Group website at [www.cmegroup.com/vsr](http://www.cmegroup.com/vsr). The VSR Calculator is a Microsoft Excel file that will measure the March – May spread relative to financial full carry. There are two tabs in the calculator: the tab labeled "Chicago" contains the VSR calculation for the CBOT Chicago SRW Wheat futures contract and the tab labeled "Kansas City" contains the VSR calculation for the CBOT KC HRW Wheat futures contract.

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