



## Special Executive Report

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**DATE:** October 12, 2023

**SER#:** 9262

**SUBJECT:** Amendments to Rules 41101. ("Contract Specifications") and 41102. ("Trading Specifications") of the Urea (Granular) FOB US Gulf Futures Contract Commencing with the April 2024 Contract Month and Temporary Suspension of Trading and Clearing of April 2024 and Beyond

The Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange") will implement several amendments to the Urea (Granular) FOB US Gulf futures (CME Globex Code: UFV; Clearing Code: UFV; Rulebook Chapter: [41](#)), contract (the "Contract").

Specifically, CBOT will:

- Effective on October 27, 2023, implement amendments to Rule 41101. ("Contract Specifications") and 41102. ("Trading Specifications") of the Contract commencing with the April 2024 contract month and beyond. These amendments specify that the final settlement calculation will be based on daily ranges as opposed to weekly ranges, and, as a result of that change, amend the last trade date for the Contract.
- Amend Rule 41104. ("Disclaimers") to add disclaimer language for Profercy Ltd., effective on October 27, 2023.
- Effective immediately and until October 27, 2023 suspend trading and clearing of the April 2024 contract month and beyond of the Contract. There is no open interest in the impacted contract months of the Contract.
- Effective March 29, 2024, implement amendments to Rule 41101. and Rule 41102. to delete obsolete language therein (collectively, the "Rule Amendments").

Currently, final settlement for the Contract is based on an average of the weekly (Thursday) ranges from two (2) price reporting agencies: Profercy Ltd. ("Profercy") and Independent Commodity Intelligence Services ("ICIS") (collectively, the "PRAs"). The Exchange is amending the final settlement of the Contract such that it will be based on an average of daily assessments from the PRAs:

1. Granular Barges Spot FOB USG 0-30 Days published by ICIS
2. US Gulf \$ps ton fob 30 days published by Profercy

The urea market in the US Gulf is the most liquid cash market in the existing futures suite. The shift to a daily assessment underlying the Contract allows the final settlement to be based on a larger number of data points. Similar to current final settlement methodology using weekly price ranges, the daily prices from the PRAs will be considered, the highest overall price (regardless of source)

and the lowest overall price (regardless of source) for each day will be removed from the data set. The arithmetic average of the remaining data points will be calculated to represent the daily average and used to final settle the Contract.

The Rule Amendments will also amend the last trading day from the last Thursday of the month, which was the day of the week that the weekly assessments were published, to the last business day of the month with a Profercy and/or ICIS assessment. This change allows for the most observations into daily assessments to be considered. Daily assessments will allow for greater observations for purposes of final settlement.

Exhibit A below provides amendments to CBOT Chapter 41 ("Urea (Granular) FOB US Gulf Futures") in blackline format. Exhibit B below provides the CBOT Chapter 41 rulebook effective March 29, 2024.

Please refer any questions on this subject to:

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# EXHIBIT A

## CBOT Rulebook

(additions underlined)

### Chapter 41

### Urea (Granular) FOB US Gulf Futures

#### 41100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all futures contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

#### 41101. CONTRACT SPECIFICATIONS

##### **(FOR ALL CONTRACT MONTHS UP TO AND INCLUDING MARCH 2024)**

The Floating Price for each contract month shall be based on price assessments for "Urea granular bulk (spot): US Gulf ps ton fob" published weekly by ICIS during the contract month and price assessments for "Urea granular bulk (spot): US Gulf pst fob to 30 days" published weekly by Profercy during the contract month, as described in paragraph (A) below.

Notwithstanding the above, the Floating Price for all listed December contract months shall be based on price assessments published up to and including the last trading day of the December contract month.

(A) For each set of weekly data published by ICIS and Profercy, comprising both a high and a low price from each source, the highest overall price (or in the case of multiple prices, one of the highest prices) and the lowest overall price (or in the case of multiple prices, one of the lowest prices) shall be removed from the data set, subject to paragraph (B). The arithmetic average of the remaining data points shall be calculated as the weekly average price. The Floating Price shall be the arithmetic average of the weekly average prices determined from price assessments published during the contract month.

(B) Should either ICIS or Profercy, for any reason, publish a single price in respect of a weekly price assessment, such price shall be used twice in the formulation described in paragraph (A) in order to determine the weekly average price. Should either ICIS or Profercy, for any reason, fail to publish any price in respect of a weekly price assessment, the weekly average price shall be determined as the arithmetic average of the remaining published prices. Should both ICIS and Profercy, for any reason, fail to publish any price in respect of a weekly price assessment, no weekly average price shall be recorded for that week, and that week shall not be included in calculation of the Floating Price.

##### **(FOR ALL CONTRACT MONTHS COMMENCING WITH THE APRIL 2024 CONTRACT AND BEYOND)**

The Floating Price for each contract month shall be based on price assessments for "Granular Barges Spot FOB USG 0-30 Days" published daily by ICIS during the contract month and price assessments for "US Gulf \$ps ton fob 30 days" published daily by Profercy during the contract month, as described in paragraph (A) below.

Notwithstanding the above, the Floating Price for all listed December contract months shall be based on price assessments published up to and including the last trading day of the December contract month.

(A) For each set of daily data published by ICIS and Profercy, comprising both a high and a low price from each source, the highest overall price and the lowest overall price shall be removed from the data set, subject to paragraph (B). In the case of multiple highest or lowest prices, only one such price shall be removed from the data set, subject to paragraph (B). The arithmetic average of the remaining data points shall be calculated as the daily average price. The Floating Price shall be the arithmetic average of the daily average prices determined from price assessments published during the contract month.

(B) Should either ICIS or Profercy, for any reason, publish the same price in respect of a daily price assessment, such price shall be used twice in the formulation described in paragraph (A) in order to determine the daily average price. Should either ICIS or Profercy, for any reason, fail to publish any

price in respect of a daily price assessment, the daily average price shall be determined as the arithmetic average of the remaining published prices. Should both ICIS and Profercy, for any reason, fail to publish any price in respect of a daily price assessment, that day shall not be included in calculation of the Floating Price.

**41102.**

#### **TRADING SPECIFICATIONS**

Contracts shall be listed for a series of contract months. The number of months open for trading at any given time shall be determined by the Exchange.

##### **41102.A. Trading Schedule**

The hours of trading for this contract shall be determined by the Exchange.

##### **41102.B. Trading Unit**

The contract size shall be 100 short tons. Each contract shall be valued as the contract size multiplied by the settlement price.

##### **41102.C. Price Increments**

Prices shall be quoted in U.S. dollars and cents per ton. The minimum price fluctuation shall be \$0.25 per ton. The minimum fluctuation in respect on the Floating Price shall be \$0.01 per ton. There shall be no maximum price fluctuation.

##### **41102.D. 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.

##### **41102.E. Termination of Trading**

##### **(FOR ALL CONTRACT MONTHS UP TO AND INCLUDING MARCH 2024)**

Trading shall terminate on the last Thursday of the contract month. If that day is not a business day, trading shall terminate on the preceding business day. If that day is not an Exchange business day or a London business day, trading shall terminate on the preceding Exchange business day that is also a London business day.

Notwithstanding the above, all listed December contract months shall terminate on the Thursday immediately preceding December 26, unless that day is not a business day in which case all listed December contract months shall terminate on the preceding business day. As such, in no circumstance shall a December contract month terminate on December 26.

##### **(FOR ALL CONTRACT MONTHS COMMENCING WITH THE APRIL 2024 CONTRACT AND BEYOND)**

Trading shall cease on the last business day in the contract month which is also a Profercy and/or ICIS publication date for the price assessment.

**41103.**

#### **FINAL SETTLEMENT**

Delivery under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

**41104.**

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## EXHIBIT B

### CBOT Rulebook

(deletions struck through)

#### Chapter 41

#### Urea (Granular) FOB US Gulf Futures

##### 41100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all futures contracts bought or sold on the Exchange for cash settlement based on the Floating Price.

##### 41101. CONTRACT SPECIFICATIONS

###### ~~(FOR ALL CONTRACT MONTHS UP TO AND INCLUDING MARCH 2024)~~

~~The Floating Price for each contract month shall be based on price assessments for "Urea granular bulk (spot): US Gulf ps ton fob" published weekly by ICIS during the contract month and price assessments for "Urea granular bulk (spot): US Gulf pst fob to 30 days" published weekly by Profercy during the contract month, as described in paragraph (A) below.~~

~~Notwithstanding the above, the Floating Price for all listed December contract months shall be based on price assessments published up to and including the last trading day of the December contract month.~~

~~(A) For each set of weekly data published by ICIS and Profercy, comprising both a high and a low price from each source, the highest overall price (or in the case of multiple prices, one of the highest prices) and the lowest overall price (or in the case of multiple prices, one of the lowest prices) shall be removed from the data set, subject to paragraph (B). The arithmetic average of the remaining data points shall be calculated as the weekly average price. The Floating Price shall be the arithmetic average of the weekly average prices determined from price assessments published during the contract month.~~

~~(B) Should either ICIS or Profercy, for any reason, publish a single price in respect of a weekly price assessment, such price shall be used twice in the formulation described in paragraph (A) in order to determine the weekly average price. Should either ICIS or Profercy, for any reason, fail to publish any price in respect of a weekly price assessment, the weekly average price shall be determined as the arithmetic average of the remaining published prices. Should both ICIS and Profercy, for any reason, fail to publish any price in respect of a weekly price assessment, no weekly average price shall be recorded for that week, and that week shall not be included in calculation of the Floating Price.~~

###### ~~(FOR ALL CONTRACT MONTHS COMMENCING WITH THE APRIL 2024 CONTRACT AND BEYOND)~~

The Floating Price for each contract month shall be based on price assessments for "Granular Barges Spot FOB USG 0-30 Days" published daily by ICIS during the contract month and price assessments for "US Gulf \$ps ton fob 30 days" published daily by Profercy during the contract month, as described in paragraph (A) below.

Notwithstanding the above, the Floating Price for all listed December contract months shall be based on price assessments published up to and including the last trading day of the December contract month.

(A) For each set of daily data published by ICIS and Profercy, comprising both a high and a low price from each source, the highest overall price and the lowest overall price shall be removed from the data set, subject to paragraph (B). In the case of multiple highest or lowest prices, only one such price shall be removed from the data set, subject to paragraph (B). The arithmetic average of the remaining data points shall be calculated as the daily average price. The Floating Price shall be the arithmetic average of the daily average prices determined from price assessments published during the contract month.

(B) Should either ICIS or Profercy, for any reason, publish the same price in respect of a daily price assessment, such price shall be used twice in the formulation described in paragraph (A) in order to determine the daily average price. Should either ICIS or Profercy, for any reason, fail to publish any price in respect of a daily price assessment, the daily average price shall be determined as the arithmetic average of the remaining published prices. Should both ICIS and Profercy, for any reason, fail to publish any price in respect of a daily price assessment, that day shall not be included in calculation of the Floating Price.

**41102.**

## **TRADING SPECIFICATIONS**

Contracts shall be listed for a series of contract months. The number of months open for trading at any given time shall be determined by the Exchange.

### **41102.A. Trading Schedule**

The hours of trading for this contract shall be determined by the Exchange.

### **41102.B. Trading Unit**

The contract size shall be 100 short tons. Each contract shall be valued as the contract size multiplied by the settlement price.

### **41102.C. Price Increments**

Prices shall be quoted in U.S. dollars and cents per ton. The minimum price fluctuation shall be \$0.25 per ton. The minimum fluctuation in respect on the Floating Price shall be \$0.01 per ton. There shall be no maximum price fluctuation.

### **41102.D. 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.

### **41102.E. Termination of Trading**

#### **~~(FOR ALL CONTRACT MONTHS UP TO AND INCLUDING MARCH 2024)~~**

~~Trading shall terminate on the last Thursday of the contract month. If that day is not a business day, trading shall terminate on the preceding business day. If that day is not an Exchange business day or a London business day, trading shall terminate on the preceding Exchange business day that is also a London business day.~~

~~Notwithstanding the above, all listed December contract months shall terminate on the Thursday immediately preceding December 26, unless that day is not a business day in which case all listed December contract months shall terminate on the preceding business day. As such, in no circumstance shall a December contract month terminate on December 26.~~

#### **~~(FOR ALL CONTRACT MONTHS COMMENCING WITH THE APRIL 2024 CONTRACT AND BEYOND)~~**

Trading shall cease on the last business day in the contract month which is also a Profercy and/or ICIS publication date for the price assessment.

**41103. FINAL SETTLEMENT**

Delivery under the contract shall be by cash settlement. Final settlement, following termination of trading for a contract month, will be based on the Floating Price. The final settlement price will be the Floating Price calculated for each contract month.

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