Chapter 14H
KC HRW Wheat Futures

14H00. SCOPE OF CHAPTER

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

For purposes of this chapter, unless otherwise specified, times referred to herein shall refer to and indicate Chicago time.

14H01. CONTRACT SPECIFICATIONS

Contracts for the delivery of Hard Red Winter Wheat shall be understood as for "Contract" Hard Red Winter Wheat, and the following grades may be tendered on contract at the premiums or discounts indicated:

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.

Shipping certificates delivered in satisfaction of 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.

Shipping certificates 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).

Deliveries of the above grades may be made in such proportions as may be convenient to the seller; subject however, to the provisions of Chapter 7.

In the event of a change in United States Grain Standards, contracts for future delivery maturing after the effective date of such change shall be made on the basis of the standards as changed; provided, that this shall not be construed to prevent the closing of trades made prior to the effective date of such change.

14H02. TRADING SPECIFICATIONS

Trading in 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.

14H02.A. Trading Schedule

The hours for trading of wheat futures shall be determined by the Exchange.

On the last day of trading in an expiring futures, the close of the expiring futures 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.

14H02.B. Trading Unit

The unit of trading shall be five thousand (5,000) bushels of hard red winter wheat.

14H02.C. Price Increments

The minimum fluctuation for KC HRW Wheat futures shall be ¼ cent per bushel ($12.50 per contract), including spreads.

14H02.D. Daily Price Limits

KC HRW Wheat futures are subject to either initial or expanded daily price limits each trading day as described in this Rule.

Initial and expanded daily price limits for KC HRW Wheat futures are reset every six months. The first reset date would be the first trading day in May based on the following: Daily settlement prices are collected for the nearest July contract over 45 consecutive trading days before and on the business day prior to April 16th. The average price is calculated based on the collected settlement prices and then multiplied by seven percent. The resulting number, rounded to the nearest 5 cents per bushel, or 30 cents per bushel, whichever is higher, will be the preliminary new initial price limit. This preliminary initial price limit and the preliminary initial price limit for Wheat futures shall be compared, and the higher of the two shall be the new initial price limit for KC HRW Wheat futures. The new expanded price limit shall be the new initial price limit multiplied by 1.5 and rounded up to the nearest 5 cents per bushel. The new initial and expanded price limits will become effective on the first trading day in May and will remain in effect through the last trading day in October.

The second reset date would be the first trading day in November based on the following: Daily settlement prices are collected for the nearest December contract over 45 consecutive trading days before and on the business day prior to October 16th. The average price is calculated based on the collected settlement prices and then multiplied by seven percent. The resulting number, rounded to the nearest 5 cents per bushel, or 30 cents per bushel, whichever is higher, will be the preliminary new initial price limit. This preliminary initial price limit and the preliminary initial price limit for Wheat futures shall be compared, and the higher of the two shall be the new initial price limit for KC HRW Wheat futures, and the new expanded price limit shall be the new initial price limit multiplied by 1.5 and rounded up to the nearest 5 cents per bushel. The new initial and expanded price limits will become effective on the first trading day in November and will remain in effect through the last trading day in next April.

There shall be no trading in KC HRW Wheat futures at a price more than the initial price limit above or below the previous day's settlement price. Should one or more KC HRW Wheat futures contract months within the first five listed non-spot contracts settle at limit, or should one or more Wheat futures contract months within the first five listed non-spot contracts settle at limit, the daily price limits for all contract months shall increase to the expanded price limit the next business day. Price limits will remain at the expanded price limit until all KC HRW Wheat futures contract months and all Wheat futures contract months settle at a price change less than the initial price limit, at which point daily price limits for all contract months shall revert back to the initial price limit the following business day.

If there are any settlements at the expanded price limit across KC HRW Wheat or Wheat futures for two consecutive trading days, the initial price limit shall be reset to the expanded price limit and the expanded price limit shall be reset 1.5 times higher rounded up to the nearest 5 cents per bushel. All KC Wheat futures contracts will be subject to the updated initial price limit on the next business day. These updated initial and expanded price limits will remain in effect until the next normal reset or unless another reset is warranted under these Rules.

There shall be no price limits on the current month contract on or after the second business day preceding the first day of the delivery month.

14H02.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.

14H02.F Termination of Trading

No trade in futures contracts deliverable in a current month shall be made after the business day preceding the fifteenth (15th) calendar day of that month. Any contracts remaining open after the last day of trading must be either:

(a) Settled by delivery no later than the second business day following the last trading day (tender on business day prior to delivery).

(b) Liquidated by means of a bona fide Exchange of Futures for Related Position, no later than the business day following the last trading day.

14H03. RESERVED

14H04. GRADES / GRADE DIFFERENTIALS

A 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.

Shipping certificates delivered in satisfaction of 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.

Shipping certificates 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).

At load-out, the buyer may request vomitoxin testing. Wheat loaded-out may contain no more than 2.0 parts per million vomitoxin.

14H05. LOCATION DIFFERENTIALS

In accordance with the provisions of Rule 14H06., hard red winter wheat for shipment from regular facilities located in Kansas City, Missouri/Kansas may be delivered in satisfaction of KC HRW Wheat futures contracts at contract price, subject to the differentials for grade outlined above. Hard red winter wheat for shipment from regular facilities located in Wichita, Kansas may be delivered in satisfaction of KC HRW Wheat futures contracts at a discount of 6 cents per bushel, subject to the differentials for grade outlined above. Hard red winter wheat for shipment from regular facilities located in Hutchinson, Kansas may be delivered in satisfaction of KC HRW Wheat futures contracts at a discount of 9 cents per bushel, subject to the differentials for grade outlined above. Hard red winter wheat for shipment from regular facilities located in Salina/Abilene, Kansas may be delivered in satisfaction of KC HRW Wheat futures contracts at a discount of 12 cents per bushel, subject to the differentials for grade outlined above.

14H06. DELIVERY POINTS

(FOR ALL CONTRACT MONTHS UP TO AND INCLUDING JULY 2025)

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.

14H06. DELIVERY POINTS

(FOR ALL CONTRACT MONTHS COMMENCING WITH SEPTEMBER 2025)

Regular elevators or warehouses on Class I railroads and located within 75 road miles of:

1.) City Hall of Kansas City, MO in the State of Kansas, or within the Kansas City switching district in the State of Missouri, known as Kansas City, Missouri/Kansas,

2.) Hutchinson City Hall in the State of Kansas, or within the Hutchinson, Kansas switching district known as Hutchinson, Kansas,

3.) City of Salina building or Abilene City Hall in the State of Kansas, or within the Salina/Abilene, Kansas switching district known as Salina/Abilene, Kansas, or

4.) City of Wichita City Hall in the State of Kanas, or within the Wichita, Kansas switching district known as Wichita, Kansas.

Regular elevators or warehouses located within the delivery territories but outside of the Kansas City, Missouri/Kansas, Hutchinson, Kansas, Salina/Abilene, Kansas, or Wichita, Kansas switching limits are required to have shuttle-loading capabilities and are delivered at an additional 1 cent discount.

Regular elevators or warehouses located within more than one delivery territory shall reside in the territory that is closest, in road miles, to the facility's address.

14H07. REGISTRATION AND DELIVERY OF KC HRW WHEAT CERTIFICATES AND DELIVERY PAYMENT

14H07.A. Registration and Delivery of Wheat Certificates

(Refer to Rule 712. Delivery and Registration, and Rule 713., Delivery Procedures)

14H07.B. Delivery Payment

Delivery Payment shall be made utilizing the electronic delivery system via the Clearing House's online system. Delivery Payment will be made during the 6:45 a.m. collection cycle, or such other time designated by the Clearing House. Thus, the cost of delivery will be debited or credited to a clearing firm's settlement account. Buyers obligated to accept delivery must take delivery and make Delivery Payment and sellers obligated to make delivery must make delivery during the 6:45 a.m. settlement process, or such other time designated by the Clearing House, on the day of delivery, except on banking holidays when delivery must be taken or made and Delivery Payment made during the 6:45 a.m. settlement process, or such other time designated by the Clearing House, on the next banking business day. Adjustments for differences between contract prices and delivery prices established by the Clearing House shall be made with the Clearing House in accordance with its rules, policies and procedures.

14H08. PREMIUM CHARGES

(FOR ALL CONTRACT MONTHS UP TO AND THROUGH THE CONCLUSION OF THE DECEMBER 2026 DELIVERY PERIOD (DECEMBER 16, 2026))

To be valid for delivery on futures contracts, all certificates covering wheat under obligation for shipment must indicate the applicable premium charge. No certificate shall be valid for delivery on futures contracts unless the premium charges on such wheat shall have been paid up to and including the 18th calendar day of the preceding month, and such payment is endorsed on the certificate. Unpaid accumulated premium charges at the posted rate applicable to the facility shall be allowed and credited to the buyer by the seller up to and including date of delivery.

The maximum premium charges on wheat shall be determined prior to the nearby contract delivery period. The Exchange shall measure the nearby spread relative to financial full carry each business day from the 19th calendar day of the delivery month of the contract that expires prior to the nearby contract until the last Friday which precedes by at least two business days the last business day of the month preceding the nearby contract delivery month. For example, for a September expiration, the Exchange would measure the September – December spread relative to financial full carry each business day from July 19 until the last Friday in August which precedes by at least two business days the last business day in August. Financial full carry will be determined by the following formula:

$$N * \left[\left(\frac{i}{360}\right) * FP + P\right]$$

Where:

N = Number of calendar days from the first delivery day in the nearby contract to the first delivery day in the contract that follows the nearby contract

i = CME Group 3-Month Term SOFR rate + 221.25 basis points

FP = Settlement price for the nearby futures contract

P = Current daily premium charge

The percentage of the nearby spread to financial full carry is calculated each business day during the calculation period and a running average of each of these daily values is calculated. At the end of the calculation period (the last Friday which precedes by at least two business days the last business day of the month preceding the nearby contract delivery month), should the running average carry be 80 percent of financial full carry or greater, then the maximum daily premium charge shall increase 10/100's of one cent per bushel on the 19th calendar day of the nearby contract delivery month. Should the running average carry be 50 percent of financial full carry or less, then the maximum daily premium charge shall decrease 10/100's of one cent per bushel on the 19th calendar day of the nearby contract delivery month.

The Exchange may adjust how the observed nearby spread is measured relative to financial full carry should pending contract changes exist that have the potential to affect the normal nearby spread relationship. Any adjustments to how the observed spread is measured will attempt to remove the potential effects caused by the pending contract change. Any adjustments in how the nearby spread is measured will be communicated to market participants through a Special Executive Report or Exchange Advisory Notice prior to the beginning of the measurement period.

Premium charges shall not be reduced below 16.5/100's of one cent per bushel per day.

14H08. PREMIUM CHARGES

(FOR ALL CONTRACT MONTHS COMMENCING FOLLOWING THE CONCLUSION OF THE DECEMBER 2026 DELIVERY PERIOD (DECEMBER 17, 2026))

To be valid for delivery on futures contracts, all certificates covering wheat under obligation for shipment must indicate the applicable premium charge. No certificate shall be valid for delivery on futures contracts unless the premium charges on such wheat shall have been paid up to and including the 18th calendar day of the preceding month, and such payment is endorsed on the certificate. Unpaid accumulated premium charges at the posted rate applicable to the facility shall be allowed and credited to the buyer by the seller up to and including date of delivery.

The maximum premium charges on wheat shall be determined prior to the nearby contract delivery period. The Exchange shall measure the nearby spread relative to financial full carry each business day from the 19th calendar day of the delivery month of the contract that expires prior to the nearby contract until the last Friday which precedes by at least two business days the last business day of the month preceding the nearby contract delivery month. For example, for a September expiration, the Exchange would measure the September – December spread relative to financial full carry each business day from July 19 until the last Friday in August which precedes by at least two business days the last business day in August. Financial full carry will be determined by the following formula:

$$N * [\left(\frac{i}{360}\right) * FP + P]$$

Where:

N = Number of calendar days from the first delivery day in the nearby contract to the first delivery day in the contract that follows the nearby contract

i = CME Group 3-Month Term SOFR rate + 221.25 basis points

FP = Settlement price for the nearby futures contract

P = Current daily premium charge

The percentage of the nearby spread to financial full carry is calculated each business day during the calculation period and a running average of each of these daily values is calculated. At the end of the calculation period (the last Friday which precedes by at least two business days the last business day of the month preceding the nearby contract delivery month), should the running average carry be 80 percent of financial full carry or greater, then the maximum daily premium charge shall increase 10/100's of one cent per bushel on the 19^{th} calendar day of the nearby contract delivery month. Should the running average carry be 50 percent of financial full carry or less, then the maximum daily premium charge shall decrease 10/100's of one cent per bushel on the 19^{th} calendar day of the nearby contract delivery month.

The Exchange may adjust how the observed nearby spread is measured relative to financial full carry should pending contract changes exist that have the potential to affect the normal nearby spread relationship. Any adjustments to how the observed spread is measured will attempt to remove the potential effects caused by the pending contract change. Any adjustments in how the nearby spread is measured will be communicated to market participants through a Special Executive Report or Exchange Advisory Notice prior to the beginning of the measurement period.

Premium charges shall not be reduced below 26.5/100 of one cent per bushel per day.

14H09. REGULARITY OF FACILITIES AND ISSUERS OF SHIPPING CERTIFICATES

(Refer to Rule 703. Regular Warehouses and Shipping Stations)

14H10. BILLING

The operator of the regular facility is not required to furnish transit billing on grain represented by shipping certificate deliveries. Delivery shall be flat.