

## Chapter 14K

### MGEX-KC HRW Wheat Intercommodity Spread Options

#### 14K00. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on MGEX-KC HRW Wheat Intercommodity spreads. In addition to the rules of this chapter, transactions in MGEX-KC HRW wheat spread options shall be subject to the general rules of the Exchange insofar as applicable.

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

#### 14K01. OPTIONS CHARACTERISTICS

##### 14K01.A. Contract Months

Trading in MGEX-KC HRW Wheat Intercommodity spread options may be scheduled in such months as determined by the Exchange.

##### 14K01.B. Trading Unit

One MGEX-KC HRW Wheat Intercommodity spread option reflects the difference between the settlement price of one (1) MGEX Wheat futures contract of a specified contract month on the Minneapolis Grain Exchange, Inc, and one (1) KC HRW Wheat futures contract of a specified contract month on the Board of Trade of the City of Chicago, Inc.

The MGEX-KC HRW Wheat Intercommodity spread is calculated in cents/bushel as:

MGEX Wheat futures price in cents/bu – KC HRW Wheat futures price in cents/bu.

##### 14K01.C. Minimum Fluctuations

The premium for MGEX-KC HRW Wheat Intercommodity spread options shall be in multiples of one-eighth (1/8) of one cent per bushel, or six dollars and twenty five cents (\$6.250) per contract.

However, a position may be initiated or liquidated in MGEX-KC HRW Wheat Intercommodity spread options at premiums ranging from \$1.00 to \$6.00, in \$1.00 increments per option contract.

##### 14K01.D. Trading Hours

The hours for trading of MGEX-KC HRW Wheat Intercommodity spread options contracts shall be determined by the Exchange. MGEX-KC HRW Wheat Intercommodity spread options shall be opened and closed for all months and strike prices simultaneously.

##### 14K01.E. Exercise and Exercise Prices

Transactions and exercise of options shall be conducted for option contracts as set forth in the [Strike Price Listing and Exercise Procedures Table](#).

##### 14K01.F. 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.

##### 14K01.G. Reserved

##### 14K01.H. Reserved

##### 14K01.I. Termination of Trading

Subject to the provisions of rule 14K01.D no trades in MGEX-KC HRW Wheat Intercommodity spread options expiring in the current month shall be made after the close of trading of the electronic trading session on the last Friday which precedes by at least two business days, the last business day of the month preceding the earliest expiring leg in the spread underlying the MGEX-KC HRW Wheat Intercommodity spread option. If such Friday is not a business day, the last day of trading shall be the business day prior to such Friday.

For example, the July MGEX-KC HRW Wheat Intercommodity spread option (July MGEX Wheat minus July KC HRW Wheat) will expire on the last Friday which precedes by at least two business days the last business day of June; the September MGEX-KC HRW Intercommodity spread option (September

MGEX Wheat minus July KC HRW Wheat) will expire on the last Friday which precedes by at least two business days the last business day of June; the December-December MGEX-KC HRW Wheat Intercommodity spread option (December MGEX Wheat minus December KC HRW Wheat) will expire on the last Friday which precedes by at least two business days the last business day of November.

**14K01.J. Contract Modification**

Specifications shall be fixed as of the first day of trading of a contract except that all options must conform to government regulations in force at the time of exercise. If the U.S. government, an agency, or duly constituted body thereof issues an order, ruling, directive, or law inconsistent with these rules, such order, ruling, directive, or law shall be construed to become part of the rules and all open and new options contracts shall be subject to such government orders.

**14K02. [RESERVED]**

**14K03. [RESERVED]**

**14K04. [RESERVED]**

**14K05. OPTION PREMIUM FLUCTUATION LIMITS**

There are no option premium limits during any day for MGEX-KC HRW Wheat Intercommodity Spread options.

**14K06. PAYMENT OF OPTION PREMIUM**

The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his futures commission merchant at the time.