



Special Executive Report

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VSR CALCULATION ON THE JULY – SEPTEMBER SPREAD IN WHEAT

The Variable Storage Rate (VSR) calculation in CBOT Wheat futures is a process that allows the maximum storage rate that regular warehouses can charge holders of outstanding shipping certificates to change following each contract expiration depending on the size of the nearby calendar spread relative to financial full carry. For details on the VSR calculation, please see <http://www.cmegroup.com/vsr>.

Beginning on the first delivery day of the September 2011 contract, the vomitoxin specification for par delivery wheat will change (see SER S-4797 issued on December 4, 2008, SER-5277 issued on June 10, 2010, or SER S-5612 issued on February 3, 2011) from 3 parts per million (ppm) to 2 ppm. A change in the quality specification for the September 2011 Wheat contract affects the July – September spread. The vomitoxin level for par delivery in the July 2011 contract, 3 ppm, will be deliverable at a 12 cent per bushel discount in the September 2011 contract. Because of this change in value, the 2011 July – September Wheat spread may expand (September increase relative to July) up to 12 cents per bushel beyond the quantity of the spread absent the change in vomitoxin specifications. **Thus, the 2011 July – September Wheat spread, for purposes of calculating VSR only, will be adjusted by 12 cents per bushel.** For example, if during the VSR calculation period the 2011 September Wheat futures contract settles 37 cents above the 2011 July Wheat futures contract, for purposes of calculating the daily VSR value, the spread will be evaluated at 25 cents per bushel (37 cents minus 12 cents).

The VSR calculation period for the 2011 July – September spread is scheduled to run from May 19, 2011 until June 24, 2011.

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