



## Special Executive Report

S-5885

August 9, 2011

### **INCREASED PRICE LIMITS IN CBOT CORN FUTURES APPROVED**

**After an extended review period, the CBOT proposal to increase daily price limits in CBOT Corn futures, Corn options, and Mini-sized Corn futures to \$0.40 per bushel, expandable one-time to \$0.60, has been approved by the Commodity Futures Trading Commission (CFTC) and is scheduled for implementation for trade date Monday, August 22, 2011.**

Corn prices have risen significantly in 2011 due to supply concerns and growing world demand. Daily price limits in Corn futures and options have been fixed during this period, resulting in Corn price limits as a percentage of underlying prices falling to near-historic lows during much of 2011. This, in turn, has resulted in a significant increase in the number of Corn futures contracts that have settled at or beyond the initial daily price limit – 70 contracts so far in 2011 compared to 36 contracts in all of 2010.

In order to reduce the number of contracts that cannot trade because they have reached their daily price limit, the CBOT initially proposed increasing the Corn daily price limit to \$0.50 per bushel expandable to \$0.75 and then to \$1.10 on 4/26/11. The Exchange amended the proposal to increase the daily price limit to \$0.40 per bushel expandable one-time to \$0.60 on 5/10/11. On 6/16/11, the Exchange extended the approval period for an additional 45 days in order to hold an industry meeting and solicit additional market feedback. The CFTC review period ended on 8/8/11, and the proposal to increase the daily price limit to \$0.40 per bushel, expandable to \$0.60 has been approved by the CFTC. In order to give all market participants sufficient time to plan for the price limit increase, implementation is scheduled for trade date 8/22/11.

Affected product terms and conditions are attached.

Questions may be directed to Fred Seamon (312-634-1587 or [Fred.Seamon@CMEGroup.com](mailto:Fred.Seamon@CMEGroup.com)).

**CBOT Rulebook**  
**Chapter 10. Corn Futures**

**Rule 10102. TRADING SPECIFICATIONS**

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**10102.D. Daily Price Limits**

There shall be no trading in corn futures at a price more than [~~\$0.30~~] **\$0.40** per bushel (~~[\$1,500]~~ **\$2,000** per contract) above or below the previous day's settlement price. Should two or more corn futures contract months within the first five listed non-spot contracts (or the remaining contract month in a crop year) close at limit bid or limit offer, the daily price limits for all contract months shall increase to [~~\$0.45~~] **\$0.60** per bushel the next business day. [~~Should two or more corn futures contract months within the first five listed non-spot contracts (or the remaining contract month in a crop year) close at limit bid or limit offer while price limits are \$0.45 per bushel, daily price limits for all contract months shall increase to \$0.70 per bushel the next business day. If price limits are \$0.70 per bushel and no corn futures contract month closes limit bid or limit offer, daily price limits for all contract months shall revert back to \$0.45 per bushel the next business day.~~] If price limits are [~~\$0.45~~] **\$0.60** per bushel and no corn futures contract month closes limit bid or limit offer, daily price limits for all contract months shall revert back to [~~\$0.30~~] **\$0.40** per bushel the next business day. 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.

**CBOT Rulebook**  
**Chapter 10B. Mini-Sized Corn Futures**

**Rule 10B02. TRADING SPECIFICATIONS**

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**10B02.D. Daily Price Limits**

There shall be no trading in mini-sized corn futures at a price more than [~~\$0.30~~] **\$0.40** per bushel (~~[\$300]~~ **\$400** per contract) above or below the previous day's settlement price. Should two or more corn futures contract months within the first five listed non-spot contracts (or the remaining contract month in a crop year) close at limit bid or limit offer, the daily price limits for all contract months shall increase to [~~\$0.45~~] **\$0.60** per bushel the next business day. [~~Should two or more corn futures contract months within the first five listed non-spot contracts (or the remaining contract month in a crop year) close at limit bid or limit offer while price limits are \$0.45 per bushel, daily price limits for all contract months shall increase to \$0.70 per bushel the next business day. If price limits are \$0.70 per bushel and no corn futures contract month closes limit bid or limit offer, daily price limits for all contract months shall revert back to \$0.45 per bushel the next business day.~~] If price limits are [~~\$0.45~~] **\$0.60** per bushel and no corn futures contract month closes limit bid or limit offer, daily price limits for all contract months shall revert back to [~~\$0.30~~] **\$0.40** per bushel the next business day. 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.