



## Special Executive Report

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S-6311

July 6, 2012

### **PROPOSED CHANGES TO WHEAT FUTURES BEGINNING SEPTEMBER 2014**

Pending CFTC review, the Exchange plans to make the following changes to the CBOT Wheat and Mini-Wheat futures contracts beginning with the September 2014 expiration:

1. Allow Hard Red Winter, Dark Northern Spring, and Northern Spring wheat to be deliverable in the St. Louis delivery territory.
2. Add language to the Rulebook outlining the Exchange's custom to adjust how the nearby calendar spread is measured when calculating the Variable Storage Rate (VSR) mechanism when contract changes that could affect that spread are pending.
3. Define and rename the St. Louis – East St. Louis and Alton Switching District

These changes are the result of a thorough review of the CBOT Wheat futures contract that the Exchange conducted in 2011, which included individual meetings with members of a Customer Focus group made up from a broad cross-section of the industry in addition to an industry-wide survey.

The Customer Focus group identified Hard Red Winter (HRW) and spring wheat delivery in St. Louis as a way to assure deliverable supply during a short Soft Red Winter wheat crop and a way to simplify contract terms because each of these classes of wheat are already deliverable in all other delivery territories. Market participants do not expect these other classes of wheat to be delivered except in the face of Soft Red Winter wheat shortages.

When contract changes are pending that may affect the nearby calendar spread, the Exchange adjusts how that spread is measured in the Variable Storage Rate (VSR) calculation, and communicates this to the trading community through a Special Executive Report (SER). The Exchange believes that this VSR adjustment practice should also be specified in the CBOT Rulebook. Please note that the Exchange will continue to communicate through SERs whenever any such adjustment to the VSR calculation is going to be invoked.

In 2009 the St. Louis – East St. Louis and Alton Switching District was converted from a rail-based delivery territory to a barge loading territory consistent with new delivery territories on the Ohio and Mississippi Rivers. As a barge loading territory, regular delivery facilities in this region are required to load barges only. However, having Switching District in the name suggests this territory is still rail-based. Based on feedback from CFTC staff, the Exchange intends to change the name of the St. Louis – East St. Louis and Alton Switching District to the St. Louis – Alton Territory. Additionally, this territory will be defined as lying between Mississippi River mile markers, consistent with how the Ohio and Mississippi River territories are defined.

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

## **Attachment 1 Proposed Rulebook Changes:**

### **CBOT Rulebook Chapter 7. Delivery Facilities and Procedures**

#### **703. REGULAR WAREHOUSES AND SHIPPING STATIONS**

##### **703.A. Conditions for Approval**

Warehouses or shipping stations (hereafter “facilities”) may be declared regular for delivery with the approval of the Exchange. Persons operating facilities who desire to have such facilities made regular for delivery under the rules shall make application for an initial Declaration of Regularity on a form prescribed by the Exchange prior to May 1 of an even-numbered year (an odd-numbered year for Ethanol), for a two-year term beginning July 1 of that year, and at any time during a current term for the balance of that term.

Applications for a renewal of regularity shall be made prior to May 1 of even-numbered years (odd-numbered years for Ethanol) for the respective years beginning July 1 of those years, and shall be on the same form.

Facilities that desire to increase their regular capacity during a current term shall make application for the desired amount of total regular capacity on the same form.

Initial regularity and increases in regularity shall be effective either thirty days after the Exchange posts a notice that a bona fide application has been received or the day after the application is approved by the Exchange, whichever is later.

Facilities regular for delivery of Corn, Soybeans, Soybean Oil, Soybean Meal, Denatured Fuel Ethanol, Distillers’ Dried Grains or Wheat facilities in the St. Louis-East St. Louis and Alton Switching District<sup>1</sup>, on the Ohio River, or on the Mississippi River that desire to have their daily rate of loading decreased shall file with the Exchange a written request for such decrease at which time a notice will be posted by the Exchange. The decrease in the daily rate of loading for the facility will become effective thirty days after a notice has been posted by the Exchange or the day after the number of outstanding certificates or receipts at the facility is equal to or less than 20 times the requested rate of loading (15 times the requested rate of loading for Soybean Meal and Denatured Fuel Ethanol), whichever is later.

Facilities regular for delivery of Corn, Soybeans, Soybean Oil, Soybean Meal, Denatured Fuel Ethanol, Distillers’ Dried Grains or Wheat facilities in the St. Louis-East St. Louis and Alton Switching District, on the Ohio River, or on the Mississippi River that desire to have their daily rate of loading decreased shall file with the Exchange a written request for such decrease at which time a notice will be posted by the Exchange. The decrease in the daily rate of loading for the facility will become effective thirty days after a notice has been posted by the Exchange or the day after the number of outstanding certificates or receipts at the facility is equal to or less than 20 times the requested rate of loading (15 times the requested rate of loading for Soybean Meal and Denatured Fuel Ethanol), whichever is later.

Regular facilities that wish to have their regular capacity space decreased shall file with the Exchange a written request for such decrease and such decrease shall become effective once a notice has been posted by the Exchange.

The Exchange may establish such requirements and conditions for approval of regularity as it deems necessary. The application for regularity prescribed by the Exchange shall set forth conditions of regularity as well as other agreements with which the operator of the regular facility shall comply. In addition to any

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<sup>1</sup> **Following the expiration of the July 2014 contract, the name of the St. Louis-East St. Louis and Alton Switching District will be changed to the St. Louis – Alton Territory.**

conditions and agreements contained in such application or in the relevant product chapter, the following shall constitute conditions for regularity and requirements with which the operator of a regular facility shall comply:

- (1) The facility making application shall be inspected by the Exchange, the United States Department of Agriculture, or other government agency, as applicable. Where application is made to list as regular a facility which is not regular at the time of such application, the applicant may be required to remove all product from the facility and permit the facility to be inspected and the product graded, after which such product may be returned to the facility.
- (2) The operator of such facility shall be in good financial standing and credit, and shall meet the minimum financial requirements and financial reporting requirements set forth in Rule 708. No facility shall be declared regular until the person operating the facility files a bond and/or designated letter of credit with sufficient sureties, or deposits with the Exchange, treasury securities, or other collateral deemed acceptable to the Exchange, in such sum and subject to such conditions as the Exchange may require. Any such sums shall be reduced by SEC haircuts, as specified in SEC Rule 15c3-1(c)(2)(vi), (vii) and (viii). If the facility deposits treasury securities or any other collateral with the Exchange, it must execute a security agreement on a form prescribed by the Exchange.
- (3) The facility shall be provided with modern improvements and appliances for the convenient and expeditious receiving, handling and shipping of product in bulk.
- (4) The operator of the facility shall comply with the system of registration of warehouse receipts or shipping certificates as established by the Exchange.
- (5) The operator of the facility shall furnish accurate information to the Exchange regarding all product received and delivered by the facility on a daily basis and/or that product remaining in store at the close of each week, as required by the Exchange.
- (6) The operator of the facility shall promptly advise the Registrar of any damage to product held in store by it, whenever such damage shall occur to an extent that will render the product undeliverable.
- (7) The operator of the facility shall permit the Exchange, at any time, to examine the books and records of the facility, for the purpose of ascertaining the stocks of all kinds of product which may be on hand. The Exchange shall have the authority to determine the quantity of product in the facility and to compare the books and records of the facility with the records of the Exchange.
- (8) The operator of the facility shall make such reports, keep such records and permit such facility visitation as the Exchange, the Commodity Futures Trading Commission or any other applicable government agency may require.
- (9) The operator of the facility shall give assurance that all product tendered in satisfaction of futures contracts shall be weighed, as applicable, under the supervision of a party approved by the Exchange.
- (10) The operator of the facility shall not engage in unethical or inequitable practices, and shall comply with all applicable federal or state statutes, rules or regulations.
- (11) Persons operating regular facilities shall be subject to the Exchange's Rules, the disciplinary procedures set forth in Chapter 4, and the arbitration procedures set forth in Chapter 6, and shall abide by and comply with the terms of any disciplinary decision imposed or any arbitration award issued against it pursuant to the Exchange's Rules.
- (12) Persons operating regular facilities shall consent to the disciplinary jurisdiction of the Exchange for five years after such regularity lapses, for conduct which occurred while the facility was regular.

The Exchange, in its sole discretion, may determine not to approve facilities for regularity, or for increases in regular capacity of existing regular facilities, regardless of whether such facilities meet the preceding requirements and conditions. Some factors that the Exchange may, but is not required to, consider in exercising its discretion include, among others, whether receipts or shipping certificates issued by such facilities, if tendered in satisfaction of futures contracts, might be expected to adversely affect the price discovery function of futures contracts or impair the efficacy of futures trading in the relevant market, or whether the currently approved regular capacity provides for an adequate deliverable supply.

CBOT Rulebook  
Chapter 14. Wheat Futures

**14105. LOCATION DIFFERENTIALS**

In accordance with the provisions of Rule 14106., wheat for shipment from regular facilities located within the Chicago Switching District, the Burns Harbor, Indiana Switching District, on the Ohio River, or the Toledo, Ohio Switching District may be delivered in satisfaction of Wheat futures contracts at contract price, subject to the differentials for class and grade outlined above. Wheat for shipment from regular facilities in the Northwest Ohio territory may be delivered in satisfaction of Wheat futures contracts at a discount of 20 cents per bushel, subject to the differentials for class and grade outlined above. Wheat for shipment from regular facilities on the Mississippi River may be delivered in satisfaction of Wheat futures contracts at a premium of 20 cents per bushel, subject to the differentials for class and grade outlined above. Only No. 1 Soft Red Winter and No. 2 Soft Red Winter Wheat for shipment from regular facilities located within the St. Louis-East St. Louis and Alton Switching districts<sup>2</sup> may be delivered in satisfaction of Wheat futures contracts at a premium of 10 cents per bushel over contract price, subject to the differentials for class and grade.

**For deliveries in the September 2013 and subsequent contracts:**

In accordance with the provisions of Rule 14106., wheat for shipment from regular facilities located within the Chicago Switching District, the Burns Harbor, Indiana Switching District, on the Ohio River, or the Toledo, Ohio Switching District may be delivered in satisfaction of Wheat futures contracts at contract price, subject to the differentials for class and grade outlined above. Wheat for shipment from regular facilities in the Northwest Ohio territory may be delivered in satisfaction of Wheat futures contracts at a discount of 10 cents per bushel, subject to the differentials for class and grade outlined above. Wheat for shipment from regular facilities on the Mississippi River may be delivered in satisfaction of Wheat futures contracts at a premium of 20 cents per bushel, subject to the differentials for class and grade outlined above. Only No. 1 Soft Red Winter and No. 2 Soft Red Winter Wheat for shipment from regular facilities located within the St. Louis-East St. Louis and Alton Switching districts may be delivered in satisfaction of Wheat futures contracts at a premium of 10 cents per bushel over contract price, subject to the differentials for class and grade.

**For the September 2014 and all subsequent contract expirations:**

**In accordance with the provisions of Rule 14106., wheat for shipment from regular facilities located within the Chicago Switching District, the Burns Harbor, Indiana Switching District, on the Ohio River, or the Toledo, Ohio Switching District may be delivered in satisfaction of Wheat futures contracts at contract price, subject to the differentials for class and grade outlined above. Wheat for shipment from regular facilities in the Northwest Ohio territory may be delivered in satisfaction of Wheat futures contracts at a discount of 10 cents per bushel, subject to the differentials for class and grade outlined above. Wheat for shipment from regular facilities on the Mississippi River may be delivered in satisfaction of Wheat futures contracts at a premium of 20 cents per bushel, subject to the differentials for class and grade outlined above. Wheat for shipment from regular facilities located within the St. Louis - Alton Territory may be delivered in satisfaction of Wheat futures contracts at a premium of 10 cents per bushel over contract price, subject to the differentials for class and grade.**

**14106. DELIVERY POINTS**

Wheat certificates shall specify shipment from one of the currently regular for delivery facilities located in one of the following territories: Wheat for shipment from regular facilities located within the Chicago Switching

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<sup>2</sup> **Following the expiration of the July 2014 contract, the name of the St. Louis-East St. Louis and Alton Switching District will be changed to the St. Louis – Alton Territory.**

District, the Burns Harbor, Indiana Switching District, the Northwest Ohio Territory, on Ohio River, on Mississippi River or the Toledo, Ohio Switching District may be delivered in satisfaction of wheat futures contracts. Only No. 1 Soft Red Winter and No. 2 Soft Red Winter Wheat for shipment from regular facilities located within the St. Louis-East St. Louis and Alton Switching Districts may be delivered in satisfaction of Wheat futures. When used in these Rules, Burns Harbor, Indiana Switching District will be that area geographically defined by the boundaries of Burns Waterway Harbor at Burns Harbor, Indiana which is owned and operated by the Indiana Port Commission. The Northwest Ohio Territory shall be shuttle loading facilities within the following 12 counties: Allen, Crawford, Hancock, Hardin, Henry, Huron, Marion, Putnam, Sandusky, Seneca, Wood, and Wyandot. The Ohio River facilities shall be river loading facilities on the Ohio River from mile marker 455 to the Mississippi River. The Mississippi River facilities shall be river loading facilities on the Mississippi River downriver from the St. Louis-East St. Louis Alton Switching District to mile marker 715.

**For the September 2014 and all subsequent contract expirations:**

**Wheat certificates shall specify shipment from one of the currently regular for delivery facilities located in one of the following territories: Wheat for shipment from regular facilities located within the Chicago Switching District, the Burns Harbor, Indiana Switching District, the Northwest Ohio Territory, the St. Louis – Alton Territory, on the Ohio River, on the Mississippi River or the Toledo, Ohio Switching District may be delivered in satisfaction of wheat futures contracts. When used in these Rules, Burns Harbor, Indiana Switching District will be that area geographically defined by the boundaries of Burns Waterway Harbor at Burns Harbor, Indiana which is owned and operated by the Indiana Port Commission. The Northwest Ohio Territory shall be shuttle loading facilities within the following 12 counties: Allen, Crawford, Hancock, Hardin, Henry, Huron, Marion, Putnam, Sandusky, Seneca, Wood, and Wyandot. The Ohio River facilities shall be river loading facilities on the Ohio River from mile marker 455 to the Mississippi River. The St. Louis – Alton Territory shall be on the Mississippi River between Upper River mile markers 205 and 168. The Mississippi River facilities shall be river loading facilities on the Mississippi River downriver from the St. Louis - Alton Territory to Lower River mile marker 715.**

**14108. PREMIUM CHARGES**

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

$i = 3\text{-Month LIBOR rate} + 200 \text{ basis points}$

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 18th 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 18th calendar day of the nearby contract delivery month.

**After expiration of the July 2014 contract, the following language will officially be added:**

**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.

#### **14109.B. Location**

For the delivery of wheat, regular facilities may be located within the Chicago Switching District or within the Burns Harbor, Indiana Switching District (subject to the provisions of Paragraph A above), within the Toledo, Ohio Switching District, within the Northwest Ohio Territory defined as Allen, Crawford, Hancock, Hardin, Henry, Huron, Marion, Putnam, Sandusky, Seneca, Wood and Wyandot counties; on the Ohio river from mile marker 455 to the Mississippi River; on the Mississippi River downriver from the St. Louis-East St. Louis Alton Switching District to mile marker 715; or with respect to only No. 1 Soft Red Winter and No. 2 Soft Red Winter Wheat, within the St. Louis-East St. Louis or Alton Switching Districts.

Delivery in Toledo must be made by shipping certificates at regular facilities providing water loading facilities and maintaining water depth equal to normal seaway draft of 27 feet.

However, deliveries of wheat may be made in off-water elevators within the Toledo, Ohio Switching District PROVIDED that the party making delivery makes the grain available upon call within five calendar days to load into water equipment at one water location within the Toledo, Ohio Switching District. The party making delivery must declare within one business day after receiving shipping certificates and loading orders the water location at which wheat will be made available.

Any additional expense incurred to move delivery grain from an off-water elevator into water facilities shall be borne by the party making delivery; PROVIDED that the party taking delivery presents water equipment clean and ready to load within fifteen calendar days from the time the grain has been made available.

Official weights and official grades as loaded into the water equipment shall govern for delivery purposes.

Delivery in the St. Louis-East St. Louis or Alton Switching Districts, on the Ohio River, and on the Mississippi River must be by shipping certificates at regular facilities providing barge loading facilities and maintaining

water depth equal to the average draft of the current barge loadings in the St. Louis-East St. Louis and Alton barge loading districts, and equal to the average draft of the current barge loadings along the Ohio River, and along the Mississippi River, respectively.

**For the September 2014 and all subsequent contract expirations:**

**For the delivery of wheat, regular facilities may be located within the Chicago Switching District or within the Burns Harbor, Indiana Switching District (subject to the provisions of Paragraph A above), within the Toledo, Ohio Switching District, within the Northwest Ohio Territory defined as Allen, Crawford, Hancock, Hardin, Henry, Huron, Marion, Putnam, Sandusky, Seneca, Wood and Wyandot counties; on the Ohio river from mile marker 455 to the Mississippi River; on the Mississippi River downriver from the St. Louis - Alton Territory to mile marker 715; or within the St. Louis - Alton Territory on the Mississippi River between Upper River mile markers 205 and 168.**

**Delivery in Toledo must be made by shipping certificates at regular facilities providing water loading facilities and maintaining water depth equal to normal seaway draft of 27 feet.**

**However, deliveries of wheat may be made in off-water elevators within the Toledo, Ohio Switching District PROVIDED that the party making delivery makes the grain available upon call within five calendar days to load into water equipment at one water location within the Toledo, Ohio Switching District. The party making delivery must declare within one business day after receiving shipping certificates and loading orders the water location at which wheat will be made available.**

**Any additional expense incurred to move delivery grain from an off-water elevator into water facilities shall be borne by the party making delivery; PROVIDED that the party taking delivery presents water equipment clean and ready to load within fifteen calendar days from the time the grain has been made available.**

**Official weights and official grades as loaded into the water equipment shall govern for delivery purposes.**

**Delivery in the St. Louis - Alton Territory, on the Ohio River, and on the Mississippi River must be by shipping certificates at regular facilities providing barge loading facilities and maintaining water depth equal to the average draft of the current barge loadings in the St. Louis - Alton barge loading territory, and equal to the average draft of the current barge loadings along the Ohio River, and along the Mississippi River, respectively.**

CBOT Rulebook  
Chapter 14B. Mini-Sized Wheat Futures

**14B05. LOCATION DIFFERENTIALS**

In accordance with the provisions of Rule 14B06., wheat for shipment from regular facilities located within the Chicago Switching District, the Burns Harbor, Indiana Switching District, on the Ohio River, or the Toledo, Ohio Switching District may be delivered in satisfaction of mini-sized Wheat futures contracts at contract price, subject to the differentials for class and grade outlined above. Wheat for shipment from regular facilities in the Northwest Ohio territory may be delivered in satisfaction of mini-sized Wheat futures contracts at a discount of 20 cents per bushel, subject to the differentials for class and grade outlined above. Wheat for shipment from regular facilities on the Mississippi River may be delivered in satisfaction of mini-sized Wheat futures contracts at a premium of 20 cents per bushel, subject to the differentials for class and grade outlined above. Only No. 1 Soft Red Winter and No. 2 Soft Red Winter Wheat for shipment from regular facilities

located within the St. Louis-East St. Louis and Alton Switching districts<sup>3</sup> may be delivered in satisfaction of mini-sized Wheat futures contracts at a premium of 10 cents per bushel over contract price, subject to the differentials for class and grade.

**For deliveries in the September 2013 and subsequent contracts:**

In accordance with the provisions of Rule 14B06., wheat for shipment from regular facilities located within the Chicago Switching District, the Burns Harbor, Indiana Switching District, on the Ohio River, or the Toledo, Ohio Switching District may be delivered in satisfaction of minisized Wheat futures contracts at contract price, subject to the differentials for class and grade outlined above. Wheat for shipment from regular facilities in the Northwest Ohio territory may be delivered in satisfaction of mini-sized Wheat futures contracts at a discount of 10 cents per bushel, subject to the differentials for class and grade outlined above. Wheat for shipment from regular facilities on the Mississippi River may be delivered in satisfaction of mini-sized Wheat futures contracts at a premium of 20 cents per bushel, subject to the differentials for class and grade outlined above. Only No. 1 Soft Red Winter and No. 2 Soft Red Winter Wheat for shipment from regular facilities located within the St. Louis-East St. Louis and Alton Switching districts may be delivered in satisfaction of mini-sized Wheat futures contracts at premium of 10 cents per bushel over contract price, subject to the differentials for class and grade.

**For the September 2014 and all subsequent contract expirations:**

**In accordance with the provisions of Rule 14B06., wheat for shipment from regular facilities located within the Chicago Switching District, the Burns Harbor, Indiana Switching District, on the Ohio River, or the Toledo, Ohio Switching District may be delivered in satisfaction of mini-sized Wheat futures contracts at contract price, subject to the differentials for class and grade outlined above. Wheat for shipment from regular facilities in the Northwest Ohio territory may be delivered in satisfaction of mini-sized Wheat futures contracts at a discount of 10 cents per bushel, subject to the differentials for class and grade outlined above. Wheat for shipment from regular facilities on the Mississippi River may be delivered in satisfaction of mini-sized Wheat futures contracts at a premium of 20 cents per bushel, subject to the differentials for class and grade outlined above. Wheat for shipment from regular facilities located within the St. Louis - Alton Territory may be delivered in satisfaction of mini-sized Wheat futures contracts at a premium of 10 cents per bushel over contract price, subject to the differentials for class and grade.**

**14B06. DELIVERY POINTS**

Wheat shipping certificates shall specify shipment from one of the currently regular for delivery facilities located in one of the following territories:

Wheat for shipment from regular facilities located within the Chicago Switching District, the Burns Harbor, Indiana Switching District, the Northwest Ohio Territory, on Ohio River, on Mississippi River or the Toledo, Ohio Switching District may be delivered in satisfaction of mini-sized wheat futures contracts. Only No. 1 Soft Red Winter and No. 2 Soft Red Winter Wheat for shipment from regular facilities located within the St. Louis-East St. Louis and Alton Switching Districts may be delivered in satisfaction of mini-sized Wheat futures. When used in these Rules, Burns Harbor, Indiana Switching District will be that area geographically defined by the boundaries of Burns Waterway Harbor at Burns Harbor, Indiana which is owned and operated by the Indiana Port Commission. The Northwest Ohio Territory shall be shuttle loading facilities within the following 12 counties: Allen, Crawford, Hancock, Hardin, Henry, Huron, Marion, Putnam, Sandusky, Seneca, Wood, and Wyandot. The Ohio River facilities shall be river loading facilities on the Ohio River from mile marker 455 to the Mississippi River. The Mississippi River facilities shall be river loading facilities on the Mississippi River downriver from the St. Louis-East St. Louis Alton Switching District to mile marker 715.

**For the September 2014 and all subsequent contract expirations:**

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<sup>3</sup> **Following the expiration of the July 2014 contract, the name of the St. Louis-East St. Louis and Alton Switching District will be changed to the St. Louis – Alton Territory.**



**Wheat for shipment from regular facilities located within the Chicago Switching District, the Burns Harbor, Indiana Switching District, the Northwest Ohio Territory, the St. Louis-Alton Territory, on the Ohio River, on the Mississippi River or the Toledo, Ohio Switching District may be delivered in satisfaction of mini-sized wheat futures contracts. When used in these Rules, Burns Harbor, Indiana Switching District will be that area geographically defined by the boundaries of Burns Waterway Harbor at Burns Harbor, Indiana which is owned and operated by the Indiana Port Commission. The Northwest Ohio Territory shall be shuttle loading facilities within the following 12 counties: Allen, Crawford, Hancock, Hardin, Henry, Huron, Marion, Putnam, Sandusky, Seneca, Wood, and Wyandot. The Ohio River facilities shall be river loading facilities on the Ohio River from mile marker 455 to the Mississippi River. The St. Louis – Alton Territory shall be on the Mississippi River between Upper River mile markers 205 and 168. The Mississippi River facilities shall be river loading facilities on the Mississippi River downriver from the St. Louis - Alton Territory to Lower River mile marker 715.**

#### **14B08. PREMIUM CHARGES**

To be valid for delivery on futures contracts, all certificates covering mini-sized 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 mini-sized 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:

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Where:

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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 18th 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 18th calendar day of the nearby contract delivery month.

**After expiration of the July 2014 contract, the following language will officially be added:**

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.