



## Special Executive Report

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August 29, 2012

### **5:1 Offset of CBOT Mini-Sized Agricultural Futures and Full-Sized Agricultural Futures and CBOT Mini-Sized Agricultural Futures Trading Hours**

Pending CFTC review, the Exchange plans to implement amendments to CBOT Rule 855 (Offsetting Mini-Sized And Full-Sized Futures Positions); CBOT Rule 10B07.A ("Deliveries by Mini-Sized Corn Certificates"); CBOT Rule 11B07.A ("Deliveries by Mini-Sized Soybean Certificates"); and CBOT Rule 14B07.A ("Deliveries by Mini-Sized Wheat Certificates") to allow for a 5:1 offset of CBOT Mini-Sized Corn, Soybean, and Wheat futures with CBOT Corn, Soybean, and Wheat futures.

In order to allow the Mini-Sized futures contracts to be offset with their respective Full-Sized futures contracts, the current delivery specifications will be modified so that on any day during the delivery period until the last intent day for the Mini-Sized contracts, only deliveries in five (5) contract multiples would be allowed. On last intent day, any quantity of Mini-Sized futures contracts may be delivered.

In addition to implementing offsets between the Mini- and Full-Sized futures contracts, the Exchange also plans to extend the daytime trading hours for CBOT Mini-Sized Corn, Soybean, and Wheat futures to 2:30 p.m. CT pending CFTC review. Since the closing time for the CBOT open outcry venue in Full-Sized agricultural products was extended to 2:00 pm in June, there has been strong interest from many market participants to re-establish the historical relationship between Mini- and Full-Sized contracts' afternoon trading hours by extending the hours for the Mini grains on the floor and on CME Globex.

The rule amendments are provided below. The aforementioned changes will become effective, pending CFTC review, on Monday, September 17, 2012.

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**855. OFFSETTING MINI-SIZED AND FULL-SIZED FUTURES POSITIONS**

A. DJIASM Futures - With the consent of the account controller, a clearing member may offset and liquidate long futures positions against short futures positions, or short futures positions against long futures positions, held in the same account in the following ratios:

- Mini-sized Dow (\$5 Multiplier) to DJIA Index 2:1
- Mini-sized Dow (\$5 Multiplier) to DJIA Index (\$25 Multiplier) 5:1
- DJIA Index to DJIA Index (\$25 Multiplier) 5:2

The clearing member shall notify the Clearing House of offsetting positions by submitting reports to the Clearing House in such form and manner as the Clearing House shall specify. The positions shall be offset at the previous day's settlement price.

The positions being offset shall be transferred to a Clearing House holding account. Long and short positions in the same contract and contract month held in the holding account shall be netted, thus reducing the number of open positions in such contract.

B. Physically delivered futures contracts - With the consent of the account controller, a clearing member may ~~request to~~ offset and liquidate long mini-sized futures positions against short full-sized futures positions, or short mini-sized futures positions against long full-sized futures positions, held in the same account in the following ratios of mini-sized to full-sized futures contracts:

- Mini-sized (1000 bu.) Corn to Full-sized (5000 bu.) Corn 5:1
- Mini-sized (1000 bu.) Soybean to Full-sized (5000 bu.) Soybean 5:1
- Mini-sized (1000 bu.) Wheat to Full-sized (5000 bu.) Wheat 5:1

The clearing member shall notify the Clearing House of ~~its request to offset~~ **offsetting** positions by submitting reports to the Clearing House in such form and manner as the Clearing House shall specify. **The positions shall be offset at the previous day's settlement price.**

~~[If accepted, the]~~ **The** positions being offset shall be transferred to a holding account at the Clearing House. **Long and short positions in the same contract and contract month held in the holding account shall be netted, thus reducing the number of open positions in such contract.** ~~[The Clearing House shall accept such request or fraction of such request upon receiving an opposite offset request for another account with different beneficial ownership. Allowable requests shall be processed in the order of oldest request date first. ]~~

~~[No offset requests pursuant to this Section shall be accepted for any accounts during the last two trading days.]~~

## **10B07. DELIVERIES BY MINI-SIZED CORN CERTIFICATES AND DELIVERY PAYMENT**

### **10B07.A. Deliveries by Mini-Sized Corn Certificates**

Deliveries of CBOT mini-sized corn shall be made by delivery of mini-sized Corn Certificates created by the Exchange from Corn Shipping Certificates issued by Shippers designated by the Exchange as regular to issue Shipping Certificates for Corn, utilizing the Clearing House electronic delivery system. In order to effect a valid delivery, each Certificate must be endorsed by the holder making the delivery, and transfer as specified above constitutes endorsement. Such endorsement shall constitute a warranty of the genuineness of the Certificate and of good title thereto, but shall not constitute a guaranty, by an endorser, of performance by the shipper. Such endorsement shall also constitute a representation that all premium charges have been paid on the commodity covered by the Certificate, in accordance with Rule 10B08.

**Deliveries for Mini-Sized Corn futures contracts, commencing with the December 2012 contract, will be restricted to multiples of 5 Mini-Sized Corn futures contracts on all days on which deliveries may take place with the exception of the last intent day. On the last intent day there will be no restriction on the delivery Quantity.**

Mini-sized Corn Certificates may not be cancelled for load-out. Upon the return of five (5) minisized Corn Certificates to the Exchange, a registered Corn Shipping Certificate will be delivered by the Exchange to the holder of the five (5) mini-sized Corn Certificates, utilizing the Clearing House electronic delivery system.

(Refer to Rule 713., Delivery Procedures.)

## **11B07. DELIVERIES BY MINI-SIZED SOYBEAN CERTIFICATES AND DELIVERY PAYMENT**

### **11B07.A. Deliveries by Mini-Sized Soybean Certificates**

Deliveries of CBOT mini-sized soybeans shall be made by delivery of mini-sized Soybean Certificates created by the Exchange from Soybean Shipping Certificates issued by Shippers designated by the Exchange as regular to issue Shipping Certificates for Soybeans, utilizing the Clearing House electronic delivery system. In order to effect a valid delivery, each Certificate must be endorsed by the holder making the delivery, and transfer as specified above constitutes endorsement. Such endorsement shall constitute a warranty of the genuineness of the Certificate and of good title thereto, but shall not constitute a guaranty, by an endorser, of performance by the shipper. Such endorsement shall also constitute a representation that all premium charges have been paid on the commodity covered by the Certificate, in accordance with Regulation 11B08.

**Deliveries for Mini-Sized Soybean futures contracts, commencing with the November 2012 contract, will be restricted to multiples of 5 Mini-Sized Soybean futures contracts on all days on which deliveries may take place with the exception of the last intent day. On the last intent day, there will be no restriction on the delivery Quantity.**

Mini-sized Soybean Certificates may not be cancelled for load-out. Upon the return of five (5) mini-sized Soybean Certificates to the Exchange, a registered Soybean Shipping Certificate will be delivered by the Exchange to the holder of the five (5) mini-sized Soybean Certificates, utilizing the Clearing House electronic delivery system.

(Refer to Rule 713., Delivery Procedures.)

## **14B07. DELIVERIES BY MINI-SIZED WHEAT CERTIFICATES AND DELIVERY PAYMENT**

### **14B07.A. Deliveries by Mini-Sized Wheat Certificates**

Deliveries of CBOT mini-sized Wheat shall be made by delivery of mini-sized Wheat Certificates created by the Exchange from Wheat Shipping Certificates issued by facilities designated by the Exchange as regular to issue shipping certificates for Wheat, utilizing the Clearing House electronic delivery system. In order to effect a valid delivery, each Certificate must be properly endorsed by the holder making the delivery, and transfer as specified above constitutes endorsement. Such endorsement shall constitute a warranty of the genuineness of the Certificate and of good title thereto, but shall not constitute a guaranty, by an endorser, of performance by the warehouseman. Such endorsement shall also constitute a representation that all storage charges have been paid on the commodity covered by the Certificate, in accordance with Rule 14B08.

**Deliveries for Mini-Sized Wheat futures contracts, commencing with the December 2012 contract, will be restricted to multiples of 5 Mini-Sized Wheat futures contracts on all days on which deliveries may take place with the exception of the last intent day. On the last intent day, there will be no restriction on the delivery Quantity.**

Mini-sized Wheat Certificates may not be cancelled for load-out. Upon the return of five (5) mini-sized Wheat Certificates to the Exchange, a registered Wheat Shipping Certificate will be delivered by the Exchange to the holder of the five (5) mini-sized Wheat Certificates, utilizing the Clearing House electronic delivery system.

(Refer to Rule 713., Delivery Procedures.)