

Advisory Notice

Clearing House

13-159

TO: Clearing Member Firms
Back Office Managers

FROM: CME Clearing

SUBJECT: **Kansas City Board of Trade (KCBT) Product Specification Summary**

DATE: March 28, 2013

As previously announced and pending final regulatory approval, CME Clearing will begin clearing Kansas City Board of Trade (KCBT) contracts at the start of business Monday April 15th 2013. The products included in this conversion include Hard Red Winter Wheat Futures, Hard Red Winter Wheat Options, and Hard Red Winter Wheat Calendar Swaps (Cleared Only). Clearing specifications for these products are referenced below.

Hard Red Winter Wheat Futures

Product Name	Hard Red Winter Wheat Futures		
Product Size	5,000 bushels		
Pricing Unit	Dollars and Cents per bushel		
Delivery Months	March, May, July, September, December for the current year and next calendar year at the discretion of the Exchange		
Delivery	Physical delivery		
Minimum Price Fluctuation	¼ cent (.0025)		
Value Per Tick	\$12.50		
Termination of Trading	The Business Day prior to the 15th calendar day of the contract month		
First Delivery Day	The First business day of the delivery month		
Last Delivery Day	The last business day of the delivery month		
Clearing Code	KW		
Globex Code	KE		
Span Code	KW		
Price Conventions	<u>Actual Price</u>	<u>Settlement/SPAN Price File</u>	<u>FIXML(Decimal)</u>
	7.15 6/8	7157	7.1575
	7.16	7160	7.160
	7.16 2/8	7162	7.1625

Hard Red Winter Wheat Options

Product Name	Hard Red Winter Wheat Options
Product Size	One Hard Red Winter Wheat Futures contract (5,000 bushels)
Strike Price Intervals	Integral multiples of 10 cents per bushel
Strike Listing Rule	New Strike Listing to maintain 30 above and 30 below at-the-money strike in increments of 10 cents
Contract Months	March, May, July, September, December; a monthly (serial) option contract is listed when the front month is not a standard option contract. The monthly option contract exercises into the nearby futures contract.

Delivery	Hard Red Winter Wheat Futures		
Minimum Price Fluctuation	1/8 cent (.00125)		
Value Per Tick	\$6.25		
Termination of Trading	The last Friday which proceeds by at least two business days the last business day of the calendar month preceding the options named expiry month. If such Friday is not a business day, then the last trade date shall be the business day prior.		
Clearing Code	KW		
Globex Code	OKE		
Span Code	KW		
Price Conventions	<u>Actual Price</u>	<u>Settlement/SPAN Price File</u>	<u>FIXML(Decimal)</u>
	.09 5/8	096	.09625
	.09 6/8	097	.0975
	.09 7/8	098	.09875
Strike Price Convention	<u>Actual Strike</u>	<u>Settlement/SPAN Price File</u>	
	8.1	000810	
	8.2	000820	
	8.3	000830	

Hard Red Winter Wheat Calendar Swap (Cleared Only)

Product Name	Hard Red Winter Wheat Calendar Swap		
Product Size	5,000 bushels		
Pricing Unit	Dollars and Cents per bushel		
Contract Months	Monthlies for 24 months listed in November		
Delivery	Cash		
Minimum Price Fluctuation	¼ cent (.0025)		
Value Per Tick	\$12.50		
Termination of Trading	The last business day of the calendar month immediately preceding the swap contract month		
Clearing Code	KWS		
Span Code	KWS		
Price Conventions	<u>Actual Price</u>	<u>Settlement/SPAN Price File</u>	<u>FIXML(Decimal)</u>
	7.15 6/8	7157	7.1575
	7.16	7160	7.160
	7.16 2/8	7162	7.1625

A note about price formats in the positional-format settlement price file and SPAN file: these are exactly analogous to the format for the Chicago wheat contract, and represent the **truncated decimal representation** of the price. Take for example a price of 7.15 and 7/8 of a cent. The true decimal representation is 7.15875, and the truncated representation is 7158. The last two digits are truncated.

As previously indicated, and at the request of firms to simplify their processing: in the Trade Register file and the SPAN file, the product exchange is provided as **CBT**. In the FIXML-format product reference file and settlement price file, the product exchange is provided as **KCB**. Outbound confirms from CME Clearing to the firms have the product exchange as either CBT or KCB, depending on the firm's preference, and inbound messages to CME Clearing may have either CBT or KCB as the product exchange.