



## Special Executive Report

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S-7302

February 26, 2015

### Daily Price Limits Rule Amendments for the Wheat Futures and KC HRW Wheat Futures Contracts

**Effective Friday, May 1, 2015, pending CFTC approval, the Board of Trade of the City of Chicago, Inc. (CBOT or Exchange) will amend the daily price limits rule for the Wheat Futures and KC HRW Wheat Futures contracts.**

The Exchange implemented variable price limits for grain and oilseed products on May 1, 2014. This new mechanism has been well received by market participants. However, due to the typical price differences between the Wheat Futures (Rulebook Chapter 14; Commodity Code: W) and KC HRW Wheat Futures (Chapter 14H; Commodity Code: KW) (collectively, the "Contracts"), the current mechanism has resulted in different daily price limits, which may disrupt the related inter-commodity spread trade. In an effort to avoid any such potential disruption, effective May 1, 2015, the Exchange will harmonize daily price limits for The Contracts as follows:

1. The initial daily price limits for the Contracts will be the same and will be the higher value of the preliminary initial price limits for these two products calculated based on the current method specified in Regulations 14102.D. and 14H02.D. and;
2. If an expanded limit is triggered in one of the Contracts, the Exchange would expand the limits by 50 percent (rounded up to the nearest 5 cents/bushel) for the Contracts the next trading day to ensure uninterrupted trading of inter-commodity spreads. If neither Contract settles at the expanded limits, limits for the Contracts shall revert back to their initial price limits the following trading day.

Appendix A sets forth the relevant amendments to the CBOT rulebook.

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## Appendix A: Rulebook Amendments

(The proposed rule changes are attached with additions underlined and deletions ~~overstruck~~)

### Chapter 14 Wheat Futures

#### 14102. TRADING SPECIFICATIONS

##### 14102.D. Daily Price Limits

Daily price limits for Wheat futures are reset every six months. The first reset date would be the first trading day in May based on the following: Daily settlement prices are collected for the nearest July contract over 45 consecutive trading days before and on the business day prior to April 16th. The average price is calculated based on the collected settlement prices and then multiplied by seven percent. The resulting number, rounded to the nearest 5 cents per bushel, or 30 cents per bushel, whichever is higher, will be the preliminary new initial price limit. This preliminary initial price limit and the preliminary initial price limit for KC HRW Wheat futures shall be compared, and the higher of the two shall be the new initial price limit for Wheat futures and will become effective on the first trading day in May and will remain in effect through the last trading day in October.

The second reset date would be the first trading day in November based on the following: Daily settlement prices are collected for the nearest December contract over 45 consecutive trading days before and on the business day prior to October 16th. The average price is calculated based on the collected settlement prices and then multiplied by seven percent. The resulting number, rounded to the nearest 5 cents per bushel, or 30 cents per bushel, whichever is higher, will be the preliminary new initial price limit. This preliminary initial price limit and the preliminary initial price limit for KC HRW Wheat futures shall be compared, and the higher of the two shall be the new initial price limit for Wheat futures and will become effective on the first trading day in November and will remain in effect through the last trading day in next April.

There shall be no trading in Wheat futures at a price more than the initial price limit above or below the previous day's settlement price. Should two or more Wheat futures contract months within the first five listed non-spot contracts (or the remaining contract month in a crop year, which is the May contract) settle at limit, or should two or more KC HRW Wheat futures contract months within the first five listed non-spot contracts (or the remaining contract month in a crop year, which is the May contract) settle at limit, the daily price limits for all contract months shall increase by 50 percent the next business day, rounded up to the nearest 5 cents per bushel. If no Wheat futures contract month and no KC HRW Wheat futures contract month settles at the expanded limit the next business day, daily price limits for all contract months shall revert back to the initial price limit the following 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.

### Chapter 14H KC HRW Wheat Futures

#### 14H02. TRADING SPECIFICATIONS

##### 14H02.D. Daily Price Limits

Daily price limits for KC HRW Wheat futures are reset every six months. The first reset date would be the first trading day in May based on the following: Daily settlement prices are collected for the nearest July contract over 45 consecutive trading days before and on the business day prior to April 16th. The average price is calculated based on the collected settlement prices and then multiplied by seven percent. The resulting number, rounded to the nearest 5 cents per bushel, or 30 cents per bushel, whichever is higher, will be the preliminary new initial price limit. This preliminary initial price limit and the preliminary initial price limit for

Wheat futures shall be compared, and the higher of the two shall be the new initial price limit for KC HRW Wheat futures and will become effective on the first trading day in May and will remain in effect through the last trading day in October.

The second reset date would be the first trading day in November based on the following: Daily settlement prices are collected for the nearest December contract over 45 consecutive trading days before and on the business day prior to October 16th. The average price is calculated based on the collected settlement prices and then multiplied by seven percent. The resulting number, rounded to the nearest 5 cents per bushel, or 30 cents per bushel, whichever is higher, will be the preliminary new initial price limit. This preliminary initial price limit and the preliminary initial price limit for Wheat futures shall be compared, and the higher of the two shall be the new initial price limit for KC HRW Wheat futures and will become effective on the first trading day in November and will remain in effect through the last trading day in next April.

There shall be no trading in KC HRW Wheat futures at a price more than the initial price limit above or below the previous day's settlement price. Should two or more KC HRW Wheat futures contract months within the first five listed non-spot contracts (or the remaining contract month in a crop year, which is the May contract) settle at limit, or should two or more Wheat futures contract months within the first five listed non-spot contracts (or the remaining contract month in a crop year, which is the May contract) settle at limit, the daily price limits for all contract months shall increase by 50 percent the next business day, rounded up to the nearest 5 cents per bushel. If no KC HRW Wheat futures contract month and no Wheat futures contract month settles at the expanded limit the next business day, daily price limits for all contract months shall revert back to the initial price limit the following 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.