Chapter 10N
Wheat-Corn Intercommodity Spread Options

10N00. SCOPE OF CHAPTER

This chapter is limited in application to put and call options on Wheat-Corn Futures Intercommodity Spreads. In addition to the rules of this chapter, transactions in Wheat-Corn Intercommodity Spread Options shall be subject to the general rules of the Exchange insofar as applicable.

10N01. OPTIONS CHARACTERISTICS

10N01.A. Contract Months

Trading in Wheat-Corn Intercommodity Spread options may be scheduled in such months as determined by the Exchange.

10N01.B. Trading Unit

One Wheat-Corn Intercommodity Spread Option reflects one (1) Wheat futures contract of a specified contract month, and one (1) opposing Corn futures contract of a specified contract month on the Board of Trade of the City of Chicago, Inc.

The Wheat-Corn Intercommodity Spread is calculated in cents/bushel as:

Wheat futures price in cents/bu – Corn futures price in cents/bu.

10N01.C. Minimum Fluctuations

The premium for Wheat-Corn Intercommodity Spread options shall be in multiples of one-eighth (1/8) of one cent per bushel, or six dollars and twenty five cents ($6.250) per contract.

However, a position may be initiated or liquidated in Wheat-Corn Intercommodity Spread options at premiums ranging from $1.00 to $6.00, in $1.00 increments per option contract.

10N01.D. Trading Hours

The hours for trading of Wheat-Corn Intercommodity Spread options contracts shall be determined by the Exchange. Wheat-Corn Intercommodity Spread options shall be opened and closed for all months and strike prices simultaneously.

On the last day of trading in an expiring option, the expiring Wheat-Corn Intercommodity Spread options shall be closed with a public call, made strike price by strike price, immediately following the close of the open outcry trading session for the corresponding futures contracts.

10N01.E. Exercise Prices

Trading shall be conducted for put and call options with strike prices in integral multiples of five cents per bushel per Wheat-Corn Intercommodity Spread contract. At the commencement of trading for such option contracts, the following strike prices shall be listed: one with a strike price closest to the previous day's Wheat-Corn Intercommodity Spread price settlement; the next ten consecutive higher and the next ten consecutive lower strike prices closest to the previous day's Wheat-Corn Intercommodity Spread price settlement. If the previous day's settlement price is midway between two strike prices, the closest price shall be the larger of the two. When a trade in the underlying Wheat-Corn Intercommodity Spread occurs at a price greater than or equal to the tenth largest strike price, a new strike price one increment higher than the existing strike prices will be added. When a sale in the underlying Wheat-Corn Intercommodity Spread occurs at a price less than or equal to the tenth smallest strike price, a new strike price one increment lower than the existing strike prices will be added. When a new strike price is added for an option contract month, the same strike price will be added to all option contract months for which that strike price is not already listed.

All strikes will be listed prior to the opening of trading on the following business day. Upon demand and at the discretion of the Exchange, new out-of-current-range strike prices at regularly defined intervals may be added for trading on as soon as possible basis.

The Exchange may modify the procedures for the introduction of strikes as it deems appropriate in order to respond to market conditions.

10N01.F. Position Limits

In accordance with Rule 559, Position Limits and Exemptions, no person shall own or control

Corn futures and options positions in excess of:

1. 600 futures contracts net long or net short in the spot month.

2. 13,500 futures-equivalent contracts net long or net short in any single contract month excluding the spot month. Additional futures contracts may be held outside of the spot month as part of futures/futures spreads within a crop year provided that the total of such positions, when combined with outright positions, does not exceed the all months combined limit.

3. 22,000 futures-equivalent contracts net long or net short in all months combined.

Also in accordance with Rule 559, no person shall own or control Wheat futures and options positions in excess of:

1. 600 futures contracts net long or net short in the spot month.

2. 5,000 futures-equivalent contracts net long or net short in any single contract month excluding the spot month. Additional futures contracts may be held outside of the spot month as part of futures/futures spreads within a crop year provided that the total of such positions, when combined with outright positions, does not exceed the all months combined limit.

3. 6,500 futures-equivalent contracts net long or net short in all months combined.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

10N01.G. Reserved

10N01.H. Nature of Options on the Intercommodity Spreads

The buyer of one Wheat-Corn Intercommodity Spread put option may exercise his option only upon option expiration, (subject to Rule 10N02.A), to assume a short position of one Wheat futures contract of a specified contract month, and a long position in one Corn futures contract of a specified contract month, at a strike price set at the time the option was purchased.

The seller of one Wheat-Corn Intercommodity Spread put option incurs the obligation of assuming a long position of one Wheat futures contract of a specified contract month, and a short position of one Corn futures contract of a specified contract month at a combination of prices such that the Intercommodity Spread equals the strike price set at the time the option was sold, upon exercise by a put option buyer.

The buyer of one Wheat-Corn Intercommodity Spread call option may exercise his option only upon option expiration, (subject to Rule 10N02.A), to assume a long position of one Wheat futures contract of a specified contract month, and a short position of one Corn futures contract of a specified contract month at a strike price set at the time the option was purchased.

The seller of one Wheat-Corn Intercommodity Spread call option incurs the obligation of assuming a short position of one Wheat futures contract of a specified contract month and a long position of one Corn futures contract of a specified contract month at a combination of prices such that the Intercommodity Spread equals the strike price set at the time the option was sold, upon exercise by a call option buyer.

10N01.I. Termination of Trading

Subject to the provisions of rule 10N01.D no trades in Wheat-Corn Intercommodity Spread options expiring in the current month shall be made after the close of trading of the open outcry trading session on the day identical to the expiration of standard Wheat and Corn options. Therefore, expiration will occur on the last Friday which precedes by at least two business days, the last business day of the month preceding the option month. If such Friday is not a business day, the last day of trading shall be the business day prior to such Friday. For example, the July Wheat-Corn Intercommodity Spread Option (July Wheat minus July Corn) will expire on the last Friday which precedes by at least two business days the last business day of June; the December-December Wheat-Corn Intercommodity Spread Option (December Wheat minus December Corn) will expire on the last Friday which precedes by at least two business days the last business day of November.

10N01.J. Contract Modification

Specifications shall be fixed as of the first day of trading of a contract except that all options must conform to government regulations in force at the time of exercise. If the U.S. government, an agency, or duly constituted body thereof issues an order, ruling, directive, or law inconsistent with these rules, such order, ruling, directive, or law shall be construed to become part of the rules and all open and new options contracts shall be subject to such government orders.

10N02. EXERCISE AND ASSIGNMENT

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise and assignment of Wheat-Corn Intercommodity Spread Options.

10N02.A. Exercise of Option

The buyer of a Wheat-Corn Intercommodity Spread option may exercise the option only on the business day such option expires by giving notice of exercise to the Clearing House by 6:00 p.m. Chicago time, or by such other time designated by the Exchange, on such day. In-the-money options that have not been liquidated or exercised on the last day of trading in such option shall be automatically exercised in the absence of contrary instructions delivered to the Clearing House by 6:00 p.m. Chicago time, or by such other time designated by the Exchange, on the last day of trading by the clearing member representing the option buyer.

The Wheat-Corn Intercommodity Spread is calculated using final settlement values for the underlying contracts in the following formula: (Settlement Price of specified Wheat futures) – (Settlement Price of specified Corn futures). An option is in-the-money if the settlement price of the underlying Intercommodity Spread is less in the case of a put, or greater in the case of a call, than the exercise price of the option.

10N02.B. Assignment

Exercise notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members' open short positions in the same series. A clearing member to which an exercise notice is assigned shall be notified of the assignment as soon as practicable after such notice is assigned by the Clearing House.

Upon the exercise of a Wheat-Corn Intercommodity Spread option the Clearing

House assigns prices to the legs of the Wheat-Corn Intercommodity Spread in the following manner:

a. assigned Wheat Futures price equals the Wheat Futures settlement price on the day of exercise,

b. assigned Corn Futures price equals the Wheat Futures settlement price on the day of exercise minus the strike value of the option,

All such futures positions shall be marked to market in accordance with Rule 814 on the trading day of acceptance by the Clearing House of the exercise notice.

10N03. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES

(Refer to Rule 701.).

10N04. CORRECTIONS TO OPTIONS EXERCISES

Corrections to option exercises, including automatic exercises, may be accepted by the Clearing House after the 6:00 p.m. deadline and up to the beginning of final option expiration processing provided that such corrections are necessary due to: (1) a bona fide clerical error, (2) an un-reconciled Exchange option transaction(s), or (3) an extraordinary circumstance where the clearing firm and customer are unable to communicate final option exercise instructions prior to the deadline. The decision as to whether a correction is acceptable will be made by the President of the Clearing House, or the President's designee, and such decision will be final.

10N05. OPTION PREMIUM FLUCTUATION LIMITS

Trading is prohibited during any day except for the last day of trading in a Wheat-Corn Intercommodity Spread option at a premium of more than the sum of the trading limits for the Wheat futures contract and the Corn futures contract, above and below the previous day's settlement premium for that option as determined by the Clearing House.

10N06. PAYMENT OF OPTION PREMIUM

The option premium must be paid in full by each clearing member to the Clearing House and by each option customer to his futures commission merchant at the time that the option is purchased, or within a reasonable time after the option.