SUBMISSION COVER SHEET

***IMPORTANT*: Check box if Confidential Treatment is requested** [ ]

Registered Entity Identifier Code (optional): 17-134

Organization: The Board of Trade of the City of Chicago, Inc. ("CBOT")

Filing as a: [x] **DCM** [ ] **SEF** [ ] **DCO** [ ] **SDR**

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): May 22, 2017 Filing Description: Amendments to the KC HRW Wheat Futures and Mini-Sized KC HRW Wheat Futures Contracts

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

[ ]	Certification	§ 40.6(a)
[ ]	Approval	§ 40.5(a)
[ ]	Notification	§ 40.6(d)
[ ]	Advance Notice of SIDCO Rule Change	§ 40.10(a)
[ ]	SIDCO Emergency Rule Change	§ 40.10(h)

Rule Numbers:

New Product **Please note only ONE product per Submission.**

[ ]	Certification	§ 40.2(a)
[ ]	Certification Security Futures	§ 41.23(a)
[ ]	Certification Swap Class	§ 40.2(d)
[ ]	Approval	§ 40.3(a)
[ ]	Approval Security Futures	§ 41.23(b)
[ ]	Novel Derivative Product Notification	§ 40.12(a)
[ ]	Swap Submission	§ 39.5

Official Product Name:

Product Terms and Conditions (product related Rules and Rule Amendments)

[ ]	Certification	§ 40.6(a)
[ ]	Certification Made Available to Trade Determination	§ 40.6(a)
[ ]	Certification Security Futures	§ 41.24(a)
[ ]	Delisting (No Open Interest)	§ 40.6(a)
[ ]	Approval	§ 40.5(a)
[ ]	Approval Made Available to Trade Determination	§ 40.5(a)
[ ]	Approval Security Futures	§ 41.24(c)
[x]	Approval Amendments to enumerated agricultural products	§ 40.4(a), § 40.5(a)
[ ]	"Non-Material Agricultural Rule Change"	§ 40.4(b)(5)
[ ]	Notification	§ 40.6(d)

Official Name(s) of Product(s) Affected: See filing.
Rule Numbers: See filing.

Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

May 22, 2017

VIA ELECTRONIC PORTAL

Mr. Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: CFTC Regulation 40.4(a)/40.5(a). Approval Amendments to Enumerated Agricultural Products Amendments to KC HRW Wheat Futures and Mini-Sized KC Wheat HRW Futures Contracts
CBOT Submission No. 17-134

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission ("CFTC" or "Commission") Regulations 40.4(a) and 40.5(a), The Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange") is requesting approval to (1) amend KC HRW Wheat futures (Rulebook Chapter 14H; Globex Code: KE; Commodity Code KW) Rules 14H01, 14H02.F, 14H10 and implement new Rule14H08; and (2) amend Mini-Sized KC HRW Wheat futures (Rulebook Chapter 14N; Globex Code and Commodity Code: MKC) Rules 14N02.F, 14N07.A, 14N10 and implement new Rule 14N08.

These amendments will revise KC HRW Wheat futures and Mini-Sized KC HRW Wheat futures contracts (the "Contracts") as follows:

1. Amendments to Rules 14H10 and 14N10, and Implementation of New Rules 14H08 and 14N08: Implement a Variable Storage Rate (VSR) mechanism in lieu of seasonal storage rates for the Contracts;
2. Amendment to Rules 14H01 and 14N07: Change the delivery instrument from a warehouse receipt to a shipping certificate; and
3. Amendments to Rules 14H02.F and 14N02.F: Amend the last delivery date from the last business day of the delivery month to the second business day following the last trading day and set the deadline to liquidate by means of a bona fide Exchange for Related Position to no later than the business day following the last trading day.

To facilitate the implementation of the Variable Storage Rate (Item 1), the Exchange intends to amend the delivery instrument (Item 2) and the last delivery date (Item 3). Subject to CFTC approval, the CBOT intends to implement Items 1 through 3 above beginning with the March 2018 contract month and beyond. The CBOT has announced the proposal to implement Variable Storage Rate (Item 1) publicly by Special Executive Report dated April 24, 2017 (copy attached under Appendix C). The Exchange will post a notice to market participants of all amendments hereunder upon submission of this request for approval to the CFTC.

Concerning the revisions identified in Items 1 through 3, the CBOT notes that there is open interest in March 2018 KC Wheat futures and beyond (there currently is no open interest in Mini-Sized KC HRW Wheat futures contract). For reasons detailed below, the CBOT submits that the existence of open interest should not be an impairment to the Exchange's implementation plan.

The referenced revisions are designed to enhance the efficiency and performance of the Contracts. The following provides background detail concerning the operation, purposes and effects of these revisions.

300 Vesey Street New York, NY 10282 T 212 299 2200 F 212 299 2299 christopher.bowen@cmegroup.com cmegroup.com

In 2009, the CFTC approved, and the CBOT adopted amendments to its SRW Wheat futures contract (Submissions # 09-222 and 09-222R) to implement VSR on SRW Wheat futures contracts effective with contract months with open interest to address issues relating to convergence with the cash market. That amendment is identical to the proposed amendment identified in Item 1.

Additionally, in 2007, the CFTC approved, and the CBOT adopted, amendments to its Oats (Ref File # 2834.01) and SRW Wheat futures (Ref File # 2777.01) contracts to take effect beginning with contract months with open interest. Those amendments are identical to the proposed amendments identified in Items 2 and 3 herein and pertain to the change to the delivery instrument from warehouse receipts to shipping certificates and the change to the to the last delivery date from the last business day of the delivery month to the second business day following the last trading day.

To facilitate the implementation of the variable storage rate mechanism in the Contracts, the Exchange determined a need to amend the deliverable instrument for the Contracts to registered shipping certificates and align the last delivery day of a shipping certificate for the Contracts with that of SRW Wheat futures so that premium charges can be assessed and billed through the Exchange's clearing system while no certificates are in process of changing hands.

A. Item 1. Justification for Implementation of Variable Storage Rate

The adoption of the variable rate storage concept could result in the following advantages:

1. Improves convergence between cash bids to farmers and futures prices at futures expiration when the physical market is oversupplied;
2. Allows storage charges to dynamically increase or decrease based on market conditions;
3. Is supported among many commercial market participants; and
4. Provides certainty to the marketplace on the design and stability of the CBOT KC HRW Wheat futures market by better fulfilling the needs of many market participants.

The potential disadvantages of the introduction of variable storage rates:

1. Complicates the design of the contract;
2. Makes back-month contracts harder to value and could adversely affect back-month and spread liquidity; and
3. May result in buyers to bid wheat out of storage.

The Exchange believes the advantages currently outweigh the disadvantages and submits the variable storage rate concept for approval. Since this change has the potential to impact pricing of calendar spreads, it is recommended that it be implemented for the first spread that is not currently at or near financial full carry.

Based on settlement prices on April 21, 2017 (business day prior to the date of the SER announcing VSR) and assuming an interest rate of the 3-Month LIBOR plus 200 basis points results in the following spreads as a percentage of full carry:

May17/Jul17 – 86.6% of Full Carry
Jul17/Sep17 – 82.4% of Full Carry
Sep17/Dec17 – 87.7% of Full Carry
Dec17/Mar18 – 83.1% of Full Carry
Mar18/May18 – 68.4% of Full Carry

Based on settlement prices on May 17, 2017 and assuming an interest rate of the 3-Month LIBOR plus 200 basis points results in the following spreads as a percentage of full carry:

Jul17/Sep17 – 86.25% of Full Carry
Sep17/Dec17 – 81.99% of Full Carry
Dec17/Mar18 – 67.85% of Full Carry
Mar18/May18 – 71.82% of Full Carry

The Exchange recommends implementation with the March 2018 contract based on the Mar18/May18 spread. This is a good starting point because that spread was significantly inside financial full carry at the time of the SER announcement.

The effective daily storage rate in March 2018 will be 19.7/100's of one cent per bushel. The Mar18 / May18 spread will be measured relative to financial full carry from December 19, 2017 until February 23, 2018. The results of the Observation Period shall be determined by the following standards:

1. A VSR result of 50 percent of financial full carry or less will result in the Contracts' maximum storage charge decreasing from 19.7/100s to 16.5/100s of one cent per bushel per day on March 18, 2018.
2. A VSR result between 50 and 80 percent of financial full carry will result in the Contracts' maximum storage charge remaining unchanged at 19.7/100s of one cent per bushel per day on March 18, 2018.
3. A VSR result of 80 percent of financial full carry or more will result in the Contracts' maximum storage charge increasing from 19.7/100s to 26.5/100s of one cent per bushel per day on March 18, 2018.

If the maximum storage charge of 19.7/100s of one cent per bushel per day remains unchanged on March 18, 2018, it will stay in place until a subsequent observation period where the VSR mechanism triggers that rate down to 16.5/100s or up to 26.5/100s of one cent per bushel per day. This will harmonize the storage rate integral multiples of the Contracts with the Exchange's SRW Wheat futures contracts. Once triggered to either 16.5/100s or 26.5/100s, the VSR mechanism for all subsequent observation periods will be consistent with Exchange's SRW Wheat futures as follows:

1. A VSR result of 50 percent of financial full carry or less will result in the Contracts' maximum storage charge decreasing by 10/100s of one cent per bushel per day on the 18th calendar day of the nearby contract month.
2. A VSR result between 50 and 80 percent of financial full carry will result in the Contracts maximum storage charge remaining unchanged on the 18th calendar day of the nearby contract month.
3. A VSR result of 80 percent of financial full carry or more will result in the Contracts maximum storage charge increasing by 10/100s of one cent per bushel per day on the 18th calendar day of the nearby contract month.

B. Item 2. Justification for Amendment of Delivery Instrument to Shipping Certificate

Warehouse receipts represent title to grain in a regular warehouse. Thus, each outstanding warehouse receipt is backed by grain in the regular warehouse. A shipping certificate requires a regular warehouse to perform on load-out just as with a warehouse receipt; however, a shipping certificate does not require the regular warehouse to have the grain represented by outstanding shipping certificates in its facility.

Because actual grain need not be in the regular warehouse's facility for it to issue a shipping certificate, the Exchange requires the warehouse to post collateral with the Clearing House of the Exchange in the form of cash, secure letter of credit naming the Exchange as its beneficiary, U.S. Treasuries for 110% of current market value of outstanding certificates, or USDA Warehouse Receipts for the full value of outstanding certificates.

The benefits to delivering via shipping certificates for the Contracts include automated calculation and transfer of premium charges (VSR) from the buyer's clearing firm to the regular facility's clearing firm through the Clearing House pay/collect system.

C. Item 3. Justification for Amendment of Last Delivery Day

The Exchange allows delivery to the last business day of the contract month in KC HRW Wheat futures because it gives warehousemen time to place grain in-store before delivery (registration of warehouse receipts). Since, shipping certificates do not require the grain to be in-store at the time of delivery (registration of shipping certificates), the additional time is not needed for a warehouseman planning to put grain out for delivery. Additionally, by requiring delivery to be completed within two business days following last trading day, all shipping certificates are in their final hands following each delivery period before the 18th calendar day of the contract month. This allows the Exchange's delivery system to collect and distribute premium charges each month on the 18th calendar day. It also allows premium rate changes triggered by VSR to be incorporated on the 18th calendar day of each contract month while no shipping certificates are still outstanding and subject to changing ownership.

The Exchange reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA" or "Act") and identified that the following Core Principles may be impacted by this initiative as follows:

- **Contracts Not Readily Subject to Manipulation:** The adoption of VSR improves convergence between cash bids to farmers and futures prices at futures expiration when the physical market is oversupplied, allows storage charges to dynamically increase or decrease based on market conditions and provides certainty to the marketplace on the design and stability of the CBOT KC HRW Wheat futures market by better fulfilling the needs of many market participants.
- **Availability of General Information:** The Exchange will make publicly available the details of the amendments herein by publishing a Registrar's Notice ("MKR") and Special Executive Report ("SER") to the market. The MKR and SER will be available on CME Group's website.

Pursuant to Section 5c(c) of the Act and CFTC Regulations 40.4(a) and 40.5(a), the Exchange hereby certifies that the amendments comply with the Act, including regulations under the Act.

In February 2017, the Exchange conducted a survey of market participants addressing convergence concerns and changes to storage rates. The survey had 170 responses with 71 percent of respondents favoring implementation of VSR; 7 percent favoring increasing but maintaining fixed storage rates; and 22 percent favoring no change to maximum storage rates. Those opposed to VSR cite several reasons. The most common opposing view revolves around concerns for back-month liquidity driven by the difficulty trading back month contracts when storage rates have yet to be discovered. Another opposing view among long hedgers is that VSR makes it more difficult for them to estimate risk for longer dated purchase commitments. Both concerns are valid: evidence suggests market liquidity in SRW Wheat futures shifted moderately to the nearby contract months after VSR was implemented in that contract, and VSR can result in wide carries that can be expensive for buy-side firms. Ultimately the Exchange believes the benefits of improved cash-futures convergence outweighs these valid costs.

The Exchange certifies that this submission has been concurrently posted on the Exchange's website at http://www.cmegroup.com/market-regulation/rule-filings.html.

Should you have any questions concerning the above, please contact the undersigned at 212-299-2200 or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Appendix A – Chapter 14 H ("KC HRW Wheat Futures"): Rules 14H01, 14H02.F, 14H10 and 14H08
Appendix B – Chapter 14N ("Mini-Sized KC HRW Wheat Futures"): Rules 14N02.F, 14N07.A, 14N10 and 14N08
Appendix C – Special Executive Report, dated April 24, 2017

Appendix A

Chapter 14H
KC HRW Wheat Futures

(bold/underline indicates addition/strikethrough indicates deletion)

14H01. CONTRACT SPECIFICATIONS

(For Contract Months Through December 2017 Contract Month)

Contracts for the delivery of Hard Winter Wheat shall be understood as for "Contract" Hard Winter Wheat, and the following grades may be tendered on contract at the premiums or discounts indicated:
No. 1 Hard Red Winter Wheat with eleven percent (11%) protein level or higher deliverable at one and one-half cents (1.5¢) per bushel over contract price.
No. 2 Hard Red Winter Wheat with eleven percent (11%) protein level or higher deliverable at contract price All above grades are deliverable at protein levels equal to or greater than ten and one-half percent (10.5%) but less than eleven percent (11%) at a ten cent (10¢) per bushel discount to contract price. Protein levels of less than ten and one-half percent (10.5%) are not deliverable on the contract.
Electronic warehouse receipts delivered in satisfaction of futures contracts to the Clearing House and registered with the Exchange, must indicate thereon, if wheat, maximum of thirteen and one-half percent (13.5%) moisture.
Electronic warehouse receipts delivered in satisfaction of futures contracts to the Clearing House and registered with the Exchange must indicate thereon, for wheat, a maximum of ten (10) IDK (indicating no more than 10 insect damaged kernels per 100 grams). As of the effective date of this rule, any electronic warehouse receipts previously issued and outstanding (that do not indicate thereon a maximum of 10 IDK) shall be subject to the 10 IDK restriction of this rule.
Deliveries of the above grades may be made in such proportions as may be convenient to the seller; subject however, to the provisions of Rules 14H09 and 14H12.

In the event of a change in United States Grain Standards, contracts for future delivery maturing after the effective date of such change shall be made on the basis of the standards as changed; provided, that this shall not be construed to prevent the closing of trades made prior to the effective date of such change.

(For Contract Months Beginning March 2018 and Beyond)

Contracts for the delivery of Hard Red Winter Wheat shall be understood as for "Contract" Hard Red Winter Wheat, and the following grades may be tendered on contract at the premiums or discounts indicated:

No. 1 Hard Red Winter Wheat with eleven percent (11%) protein level or higher deliverable at one and one-half cents (1.5¢) per bushel over contract price.

No. 2 Hard Red Winter Wheat with eleven percent (11%) protein level or higher deliverable at contract price. All above grades are deliverable at protein levels equal to or greater than ten and one-half percent (10.5%) but less than eleven percent (11%) at a ten cent (10¢) per bushel discount to contract price. Protein levels of less than ten and one-half percent (10.5%) are not deliverable on the contract.

Shipping certificates delivered in satisfaction of futures contracts to the Clearing House and registered with the Exchange, must indicate thereon, if wheat, maximum of thirteen and one-half percent (13.5%) moisture.

Shipping certificates delivered in satisfaction of futures contracts to the Clearing House and registered with the Exchange must indicate thereon, for wheat, a maximum of ten (10) IDK (indicating no more than 10 insect damaged kernels per 100 grams).

Deliveries of the above grades may be made in such proportions as may be convenient to the seller; subject however, to the provisions of Chapter 7.

In the event of a change in United States Grain Standards, contracts for future delivery maturing after the effective date of such change shall be made on the basis of the standards as changed; provided, that this shall not be construed to prevent the closing of trades made prior to the effective date of such change.

14H02. TRADING SPECIFICATIONS

14H02.F Termination of Trading

(For Contract Months Through December 2017 Contract Month)

No trade in futures contracts deliverable in a current month shall be made after the business day preceding the fifteenth (15th) calendar day of that month, except that outstanding futures contracts for such delivery may be liquidated by means of a bona fide exchange of such current futures for the actual cash commodity.

Note: The Exchange, pursuant to Rule 230(i) may alter the number of days trading is prohibited during the delivery month to conform with federal law and regulations. The seven (7) days come from a CFTC (former CEA) Regulation.

(For Contract Months Beginning March 2018 and Beyond)

No trade in futures contracts deliverable in a current month shall be made after the business day preceding the fifteenth (15th) calendar day of that month. Any contracts remaining open after the last day of trading must be either:

(a) Settled by delivery no later than the second business day following the last trading day (tender on business day prior to delivery).

(b) Liquidated by means of a bona fide Exchange of Futures for Related Position, no later than the business day following the last trading day.

14H10. STORAGE CHARGES (For Contract Months Through December 2017 Contract Month)

Effective with the September 2011 wheat futures contract month, no electronic warehouse receipts covering grain in store shall be valid for delivery on futures contracts unless the storage and insurance charges set forth in this Rule (but not load-out fee) on such grain have been paid up to the first calendar day of each contract delivery month (whether or not such receipts will be delivered in satisfaction of futures contracts) and such payment endorsed on the electronic warehouse receipt. Such endorsement may be made, at the option of the holder, by the regular warehouse issuing the receipt or Exchange staff upon payment to the Exchange Secretary as agent of the warehouse company. Unpaid accumulated storage and insurance charges and the load-out fee shall be assumed by the buyer. Failure to pay the storage and insurance charges by the business day preceding the first calendar day of each contract delivery month shall be deemed a violation subject to the disciplinary procedures set forth in Chapter 4 of the Rules.

On all deliveries by regular electronic warehouse receipts, the deliverer (seller) shall allow storage and insurance charges accrued to date of delivery.

Under the authority of Rule 14H16.G, effective September 1, 2011 the maximum storage and insurance charge for regular elevators on grain delivered on futures contracts is established at $.00197 per bushel per day from December 1 to June 30, and $.00296 per bushel per day from July 1 to November 30.

14H08. PREMIUM CHARGES (For Contract Months Beginning March 2018 and Beyond)

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:

$$N * [\left(\frac{i}{360}\right) * FP + P]$$

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-Month LIBOR rate + 200 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.

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.

Appendix B

Chapter 14N
Mini-Sized KC HRW Wheat Futures

(bold/underline indicates addition/strikethrough indicates deletion)

14N02. TRADING SPECIFICATIONS

14N02.F. Termination of Trading

(For Contract Months Through December 2017 Contract Month)

No trades in Mini-Sized KC HRW Wheat futures deliverable in the current month shall be made after the business day preceding the 15th calendar day of that month, except that outstanding futures contracts for such delivery may be liquidated by means of a bona fide Exchange of Futures for Related Position.

(For Contract Months Beginning March 2018 and Beyond)

No trade in Mini-Sized KC HRW Wheat futures contracts deliverable in the current month shall be made after the business day preceding the fifteenth (15th) calendar day of that month. Any contracts remaining open after the last day of trading must be either:

(a) Settled by delivery no later than the second business day following the last trading day (tender on business day prior to delivery).

~~(a)~~(b) Liquidated by means of a bona fide Exchange of Futures for Related Position, no later than the business day following the last trading day.

14N07. DELIVERIES BY MINI-SIZED KC HRW WHEAT WAREHOUSE DEPOSITORY RECEIPTS (THROUGH CONTRACT MONTH DECEMBER 2017) / SHIPPING CERTIFICATES (BEGINNING WITH CONTRACT MONTH MARCH 2018 AND BEYOND) AND DELIVERY PAYMENT

14N07.A. Delivery by Mini-Sized KC HRW Wheat Receipts (Through Contract Month December 2017) / Delivery by Mini-Sized KC HRW Wheat Certificates (Beginning with Contract Month March 2018 and Beyond)

(For Contract Months Through Contract Month December 2017)

Deliveries of Mini-Sized KC HRW Wheat shall be made by delivery of Mini-Sized KC HRW Wheat Warehouse Depository Receipts created by the Exchange from KC HRW Wheat Warehouse Receipts issued by facilities designated by the Exchange as regular to issue warehouse receipts for KC HRW Wheat, through the Clearing House. In order to effect a valid delivery, each Depository Receipt 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 Depository Receipts 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 Depository Receipts, in accordance with Rule 14N10.

Deliveries for Mini-Sized KC HRW Wheat futures contracts will be restricted to multiples of five (5) Mini-Sized KC HRW 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 KC HRW Wheat Warehouse Depository Receipts may not be cancelled for load-out. Upon the return of five (5) mini-sized KC HRW Wheat Warehouse Depository Receipts to the Exchange, a registered KC HRW Wheat Warehouse Receipt will be delivered by the Exchange to the holder of the five (5) Mini-Sized KC HRW Wheat Warehouse Depository Receipts, utilizing the Clearing House electronic delivery system.

(Refer to Rule 713., Delivery Procedures.)

(For Contract Months Beginning with Contract Month March 2018 and Beyond)

Deliveries of mini-sized KC HRW Wheat shall be made by delivery of mini-sized KC HRW Wheat Certificates created by the Exchange from KC HRW Wheat Shipping Certificates issued by facilities designated by the Exchange as regular to issue shipping certificates for KC HRW 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 premium charges have been paid on the commodity covered by the Certificate, in accordance with Rule 14N08.

14N10. STORAGE CHARGES (For Contract Months Through December 2017 Contract Month)

No Mini-Sized KC HRW Wheat electronic Warehouse Depository Receipts covering grain in store shall be valid for delivery on futures contracts unless the storage and insurance charges set forth in this Rule (but not load-out fee) on such grain have been paid up to the first calendar day of each contract delivery month (whether or not such depository receipts will be delivered in satisfaction of futures contracts) and such payment endorsed on the electronic warehouse depository receipt. Such endorsement may be made, at the option of the holder, by the regular warehouse issuing the receipt or Exchange staff upon payment to the Exchange Secretary as agent of the warehouse company. Unpaid accumulated storage and insurance charges and the load-out fee shall be assumed by the buyer. Failure to pay the storage and insurance charges by the business day preceding the first calendar day of each contract delivery month shall be deemed a violation subject to the disciplinary procedures set forth in Chapter 4 of the Rules.

On all deliveries by regular electronic Warehouse Depository Receipts, the deliverer (seller) shall allow storage and insurance charges accrued to date of delivery.

Under the authority of Rule 14H16.G, the maximum storage and insurance charge for regular elevators on grain delivered on futures contracts is established at $.00197 per bushel per day from December 1 to June 30, and $.00296 per bushel per day from July 1 to November 30.

14N08. PREMIUM CHARGES (For Contract Months Beginning March 2018 and Beyond)

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:

$$N * [\left(\frac{i}{360}\right) * FP + P]$$

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-Month LIBOR rate + 200 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.

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.

Appendix C

Special Executive Report

DATE: **April 24, 2017**

SER#: **7872**

SUBJECT: **Implementation of Variable Storage Rate (VSR) Mechanism in the KC HRW Wheat Futures and Mini-Sized KC HRW Wheat Futures Contracts Effective with the 2018 March – May Spread**

Effective Sunday, March 18, 2018, and pending all CFTC regulatory review and approval periods, The Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange") intends to implement a Variable Storage Rate (VSR) mechanism in its KC HRW Wheat futures (Rulebook Chapter 14H; Globex Code: KE; Commodity Code KW) and Mini-Sized KC HRW Wheat futures (Rulebook Chapter 14N; Globex Code and Commodity Code: MKC) contracts (the "Contracts"). The Exchange intends to implement the VSR mechanism in lieu of seasonal storage rates for the Contracts.

The VSR mechanism examines nearby calendar spreads to determine adjustments to the maximum storage charges by which regular warehouses can charge holders of its outstanding warehouse receipts. VSR provides a formula for triggering higher maximum allowable storage charges when futures spreads are at or near financial full carry, and lower maximum allowable storage charges when futures spreads are narrow or inverted. After an initial adjustment to harmonize base storage rate increments with the Exchange's SRW Wheat futures contracts, the mechanics of the VSR mechanism for the Contracts and the SRW Wheat futures contracts shall be identical.

The Exchange intends to implement the VSR mechanism with an initial observation period beginning on December 19, 2017 and ending on February 23, 2018 (the "Observation Period"), evaluating the **2018 March – May KC HRW Wheat calendar spread** relative to financial full carry with any changes to the storage rate effective on March 18, 2018. The maximum storage rate of 19.7/100s of one cent per bushel per day will be in effect during the Observation Period and will used when measuring the March-May spread relative to financial full carry. The Exchange will release the results via an SER in advance of the effective date. The results of the Observation Period shall be determined by the following standards:

1. A VSR result of 50 percent of financial full carry or less will result in the Contracts' maximum storage charge decreasing from 19.7/100s to 16.5/100s of one cent per bushel per day on March 18, 2018.
2. A VSR result between 50 and 80 percent of financial full carry will result in the Contracts' maximum storage charge remaining unchanged at 19.7/100s of one cent per bushel per day on March 18, 2018.
3. A VSR result of 80 percent of financial full carry or more will result in the Contracts' maximum storage charge increasing from 19.7/100s to 26.5/100s of one cent per bushel per day on March 18, 2018.

If the maximum storage charge of 19.7/100s of one cent per bushel per day remains unchanged on March 18, 2018, it will stay in place until a subsequent observation period where the VSR mechanism triggers that rate down to 16.5/100s or up to 26.5/100s of one cent per bushel per day. This will harmonize the storage rate increment of the Contracts with the Exchange's SRW Wheat futures contracts. Once triggered to either 16.5/100s or 26.5/100s, the VSR mechanism for all subsequent observation periods will be consistent with Exchange's SRW Wheat futures as follows:

1. A VSR result of 50 percent of financial full carry or less will result in the Contracts' maximum storage charge decreasing by 10/100s of one cent per bushel per day on the 18th calendar day of the nearby contract month.
2. A VSR result between 50 and 80 percent of financial full carry will result in the Contracts maximum storage charge remaining unchanged on the 18th calendar day of the nearby contract month.

3. A VSR result of 80 percent of financial full carry or more will result in the Contracts maximum storage charge increasing by 10/100s of one cent per bushel per day on the 18th calendar day of the nearby contract month.

The maximum storage rate will not be reduced below 16.5/100s of one cent per bushel per day. Financial full carry will be determined by the following formula:

$$N * [\left(\frac{i}{360}\right) * FP + P]$$

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-Month LIBOR rate + 200 basis points

FP = Settlement price for the nearby futures contract

P = Current daily premium charge

If you require any additional information, please contact Fred Seamon at 312-634-1587 or via e-mail at Fred.Seamon@cmegroup.com or Alison Coughlin at 312-338-7171 or via email at Alison.Coughlin@cmegroup.com.