

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 20-213

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 06/05/20 Filing Description: Initial Listing of the KC HRW Wheat-Wheat Intercommodity Spread Options Contract

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: KC HRW Wheat-Wheat Intercommodity Spread Options.

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)
- 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:

Rule Numbers:

June 5, 2020

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 40.2(a) Certification. Notification Regarding the Initial Listing of KC HRW Wheat-Wheat Intercommodity Spread Options Contract. CBOT Submission No. 20-213

Dear Mr. Kirkpatrick:

The Board of Trade of the City of Chicago, Inc. (“CBOT” or “Exchange”) certifies to the Commodity Futures Trading Commission (“CFTC” or “Commission”) the initial listing of the KC HRW Wheat-Wheat Intercommodity Spread Options contract (the “Contract”) for open outcry trading on the CME trading floor¹, trading on the CME Globex electronic trading platform (“CME Globex”), and for submission for clearing via CME ClearPort effective on Sunday, June 21, 2020 for trade date Monday, June 22, 2020 as provided in the table below:

Contract Title	KC HRW Wheat-Wheat Intercommodity Spread Options
CME Globex/CME ClearPort/Open Outcry Code	KCW
CBOT Rulebook Chapter	14G
Contract Unit	1 KC HRW Wheat futures contract of 5,000 bushels and 1 Wheat futures contract of 5,000 bushels
Minimum Price Fluctuation	\$0.00125 (1/8th cents in fractional terms)
Trading and Clearing Hours	CME Globex: Sunday – Friday, 7:00 p.m. – 7:45 a.m. Central Time (CT) and Monday – Friday, 8:30 a.m. – 1:20 p.m. CT CME Globex Pre-Open: Sunday 4:00 p.m. – 7:00 p.m, Monday – Thursday 8:00 a.m. – 8:30 a.m. CT, 2:30 p.m. – 4:00 p.m. CT, and 4:45 p.m. – 7:00 p.m., and Friday 8:00 a.m. – 8:30 a.m. CT and 2:30 p.m. – 4:00 p.m. Open Outcry: Monday – Friday, 8:30 a.m. – 1:15 p.m. CT with Post session until 1:20 p.m. CT immediately following the close CME ClearPort: Sunday – Friday, 5:00 p.m. – 4:00 p.m. CT with a 60-minute break each day beginning at 4:00 p.m. CT
Commodity Code	CME Globex: KCW CME ClearPort: KCW Open Outcry: KCW Clearing: KCW
Listing Schedule	One July and one December listed at all times.
Initial Listed Months	1 2020 Dec KC HRW Wheat: 2020 Dec Wheat 1 2021 Jul KC HRW Wheat: 2021 Jul Wheat

¹ CME Group closed its Chicago trading floor as of the close of business Friday, March 13, 2020, as a precaution to reduce large gatherings that can contribute to the spread of coronavirus in line with the advice of medical professionals. Updates can be found at: <https://www.cmegroup.com/company/information.html>

Termination of Trading	Trading terminates on the last Friday which precedes by at least two business days the last business day of the month prior to the contract month. Trading in expiring options ceases at the close of the regular CME Globex trading session for the corresponding futures contract.
Rulebook Chapter	CBOT 14G
Block Trade Minimum Threshold Level	RTH: 100 ETH/ATH: 50 Reporting Window: 15 minutes
Strike Price Listing Procedures	Strike prices will be listed in increments of five cents per bushel. The minimum strike price range will include the strike price closest to the current KC HRW Wheat-Wheat futures spread price, plus the next ten consecutive higher and the next ten consecutive lower strike prices.
Exercise Style	European-style. The buyer of a KC HRW Wheat-Wheat spread option may exercise the option only upon expiration by giving notice to CME Clearing by 5:30 p.m. CT. Option exercise results in two underlying futures market positions. Options in-the-money on the last day of trading are automatically exercised.
Margin Style	Equity
Underlying Futures Contracts/Commodity Codes	KC HRW Wheat Futures (CME Globex: KE; CME ClearPort: KW; Clearing: KW) Wheat Futures (CME Globex: ZW; CME ClearPort: W; Clearing: W)
Settlement Method	Deliverable
Settlement at Expiration	Option exercise results in positions in the underlying physically delivered Wheat and KC HRW Wheat futures contracts. In-the-money options are automatically exercised into expiring futures.

Exchange Fees:

Level	Account Owner	Execution Type	Venue/Transaction Type	Fee	
Individual Member					
1	Individual Members	Member Account Owner	Open Outcry	\$0.27	
			CME Globex	\$0.37	
			EFP	\$1.19	
			EFR	\$1.49	
			Block/Block Spread	\$1.34	
	Individual Delegates	Delegate Trading Own Account	Open Outcry	\$0.54	
			CME Globex	\$0.64	
			EFP	\$1.49	
			EFR	\$1.79	
			Block/Block Spread	\$1.64	
Equity Members (Individual Equity members, Clearing Firms and Equity Firms)					
2	Equity Members ¹	Member or Delegate	Open Outcry	\$0.27	
			CME Globex	\$0.37	
			EFP	\$1.19	
			EFR	\$1.49	
			Block/Block Spread	\$1.34	
		Non Member	Open Outcry	n/a	
			CME Globex	\$0.96	
			EFP	\$1.19	
			EFR	\$1.49	
			Block/Block Spread	\$1.34	
				Open Outcry	\$0.24

	Rule 106.S. Family of Funds Equity Member Firms	Member, Delegate or Non Member	CME Globex	\$0.96
			EFP	\$1.19
			EFR	\$1.49
			Block/Block Spread	\$1.34

1 Clearing Closely Held Corporate Members & Sole Proprietors, Rule 106.J. Equity Closely Held Corporate Members & Rule 106.I. Affiliate Equity Member Firms, Individual Equity Members (other member/delegate executing), Clearing FCMs, Rule 106.J. Equity FCMs, Clearing Corporate Members, Rule 106.J. Equity Corporate Members & Rule 106.I. Affiliate Equity Member Firm (Affiliate of Clearing FCM, Clearing Corporate Member or Rule 106.J Equity FCM or Equity Corporate Member), Rule 106.I. Affiliate Membership Umbrella - Qualified Affiliate - Unlimited Number of Affiliates.

(Execution Not a Factor in Membership Types Below)

Level	Account Owner	Execution Type	Venue/Transaction Type	Exchange Fee
Trading Members (Individual Non-Equity Members and Non-Equity Member Firms)				
3	Individual Non-Equity Members (other member/delegate executing); Rule 106.H. Corporate Trading Firms; Rule 106.H. Trading FCMs; & Rule 106.I. Affiliate Trading Member Firms	Member, Delegate or Non Member	Open Outcry	\$0.46
			CME Globex	\$1.56
			EFP	\$1.41
			EFR	\$2.56
			Block/Block Spread	\$2.56
	Individual Delegates (Other Member or Delegate executing the trade) & Rule 106.I. Affiliate Trading Member Firms	Member, Delegate or Non Member	Open Outcry	\$0.76
			CME Globex	\$1.86
			EFP	\$1.71
			EFR	\$2.86
	Rule 106.S. Family of Funds Trading Member Firms	Member, Delegate or Non Member	Block/Block Spread	\$2.86
			Open Outcry	\$0.46
			CME Globex	\$1.56
EFP			\$1.41	
			EFR	\$2.56
			Block/Block Spread	\$2.56

Level	Account Owner	Execution Type	Venue/Transaction Type	Exchange Fee				
Electronic Corporate Member Firm								
4	Rule 106.R Electronic Corporate Member Firms (For open outcry and EFP/EFR/Block - Non-Member rates apply)	Member, Delegate or Non Member	CME Globex	\$1.86				
Non Members								
5	International Incentive Program (IIP) and International Volume Incentive Program (IVIP) Participants (Open Outcry - Interest Rate products only)	Member, Delegate or Non Member	CME Globex	\$2.06				
					Central Bank Incentive Program (CBIP), Emerging Markets Bank Incentive Program (EMBIP), Latin American Fund Manager Incentive Program (FMIP),) Participants (For open outcry and EFP/EFP/ Block - Non-Member rates apply)	Member, Delegate or Non Member	CME Globex	\$3.84
	Non Members	N/A	Open Outcry	\$1.36				
			CME Globex	\$3.84				
			EFP	\$2.31				
EFR			\$4.84					
		Block/Block Spread	\$4.84					
CMACE Permit Holders								

6	CMACE Permit Holders (For Rough Rice & Mini-sized Ag products only; all other products - Non-Member rates apply)	Member, Delegate or Non Member	Open Outcry	n/a
			CME Globex	n/a
			EFP	n/a
			EFR	n/a
			Block/Block Spread	n/a

Processing Fees	Fee
Exchange Fees for Non Trades (Member/Delegate/Non-Member)	\$0.10/\$0.25/\$0.55
Exchange Fees for Non-Trades - Expired Options	\$0.10
Facilitation Fee	\$0.40
Give-up Surcharge	\$0.06
Brokerage Fees – with discretion 106F within/106D or 106F outside	\$0.00/\$0.15
Brokerage Fees – without discretion Member or 106F within/106D, 106F outside or CMACE Permit Holder	\$0.04/\$0.17
Position Adjustment/Position Transfer	\$0.10

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:

- **Compliance with Rules:** Trading in the Contract will be subject to all CBOT Rules, including prohibitions against fraudulent, noncompetitive, unfair and abusive practices as outlined in CBOT Rule Chapter 4, the Exchange’s trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the CBOT Rulebook, and the dispute resolution and arbitration procedures of CBOT Rule Chapter 6. As with all products listed for trading on one of CME Group’s designated contract markets, trading activity in the Contract will be subject to monitoring and surveillance by CME Group’s Market Regulation Department. The Market Regulation Department has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.
- **Contracts not Readily Subject to Manipulation:** The Contract is based on two underlying futures series that are reflective of the underlying cash market.
- **Prevention of Market Disruption:** Trading in the Contract will be subject to the rules of the Exchange, which include prohibitions on manipulation, price distortion, and disruption to the cash settlement process. As with any new product listed for trading on a CME Group designated contract market, trading activity in the option contract proposed herein will be subject to monitoring and surveillance by CME Group’s Market Regulation Department.
- **Position Limitations or Accountability:** The speculative position limits for the Contract as demonstrated in this submission are consistent with the Commission’s guidance.
- **Emergency Authority:** As with all CME Group futures and options product, the Exchange shall have full authority to act appropriately and as necessary in emergency situations.
- **Availability of General Information:** The Exchange will publish on its website information in regard to contract specifications, terms, and conditions, as well as daily trading volume, open interest, and price information for the Contract. The Exchange will issue a Special Executive Report (“SER”) regarding the launch of the Contract. The SER will also be posted on the CME Group website.

- **Daily Publication of Trading Information:** The Exchange will publish contract trading volumes, open interest levels, and price information daily on its website and through quote vendors for the Contract.
- **Execution of Transactions:** The Contract will be listed for trading on the CME trading floor, CME Globex and for submission of clearing through the CME ClearPort platform. The CME trading floor and CME Globex trading venues provide for competitive and open execution of transactions and affords the benefits of reliability and global connectivity.
- **Trade Information:** All requisite trade information for the Contract will be included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.
- **Financial Integrity of Contracts:** The Contract will be cleared by the CME Clearing, a derivatives clearing organization registered with the CFTC and subject to all CFTC Regulations related thereto.
- **Protection of Market Participants:** CBOT Rulebook Chapters 4 and 5 set forth multiple prohibitions that preclude intermediaries from disadvantaging their customers. These rules apply to trading in all of the Exchange's competitive trading venues.
- **Disciplinary Procedures:** Chapter 4 of the Rulebook contains provisions that allow the Exchange to discipline, suspend or expel members or market participants that violate the Rulebook. Trading in the Contracts will be subject to Chapter 4, and the Market Regulation Department has the authority to exercise its enforcement power in the event rule violations in these products are identified.
- **Dispute Resolution:** Disputes with respect to trading in the Contract will be subject to the arbitration provisions set forth in Chapter 6 of the Rulebook. Chapter 6 allows all non-members to submit a claim for financial losses resulting from transactions on the Exchange to arbitration. A member named as a respondent in a claim submitted by a non-member is required to participate in the arbitration pursuant to Chapter 6. Additionally, the Exchange requires that members resolve all disputes concerning transactions on the Exchange via arbitration.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the listing of the Contract complies with the Act, including regulations under the Act. There were no substantive opposing views to this proposal.

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 – CBOT Rulebook Chapter 14G
 Appendix B – Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CBOT Rulebook (attached under separate cover)
 Appendix C – CBOT Rule 588.H. – (“Globex Non-Reviewable Trading Ranges”) Table
 Appendix D – Analysis of Deliverable Supply and Cash Market Overview

Appendix A

Chapter 14G

KC HRW Wheat-Wheat Intercommodity Spread Options

14G00. SCOPE OF CHAPTER

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

14G01. OPTIONS CHARACTERISTICS

14G01.A. Contract Months

Trading in KC HRW Wheat–Wheat Intercommodity Spread options may be scheduled in such months as determined by the Exchange.

14G01.B. Trading Unit

One KC HRW Wheat–Wheat Intercommodity Spread Option reflects one (1) KC HRW Wheat futures (CBOT Rulebook Chapter 14H) contract of a specified contract month, and one (1) opposing Wheat futures (CBOT Rulebook Chapter 14) contract of a specified contract month on the Board of Trade of the City of Chicago, Inc.

The KC HRW Wheat–Wheat Intercommodity Spread is calculated in cents/bushel as:

KC HRW Wheat futures price in cents/bu. – Wheat futures price in cents/bu.

14G01.C. Minimum Fluctuations

The premium for KC HRW Wheat–Wheat 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 KC HRW Wheat–Wheat Intercommodity Spread options at premiums ranging from \$1.00 to \$6.00, in \$1.00 increments per option contract.

14G01.D. Trading Hours

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

14G01.E. Exercise Prices

Trading shall be conducted for put and call options with strike prices in integral multiples of five cents per bushel per KC HRW Wheat–Wheat 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 KC HRW Wheat–Wheat Intercommodity Spread price settlement; the next ten consecutive higher and the next ten consecutive lower strike prices closest to the previous day's KC HRW Wheat–Wheat 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 KC HRW Wheat–Wheat 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 KC HRW Wheat–Wheat 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.

14G01.F. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

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

14G01.G. Reserved

14G01.H. Nature of Options on the Intercommodity Spreads

The buyer of one KC HRW Wheat–Wheat Intercommodity Spread put option may exercise his option only upon option expiration, (subject to Rule 14P02.A), to assume a short position of one KC HRW Wheat futures contract of a specified contract month, and a long position in one Wheat futures contract of a specified contract month, at a strike price set at the time the option was purchased.

The seller of one KC HRW Wheat–Wheat Intercommodity Spread put option incurs the obligation of assuming a long position of one KC HRW Wheat futures contract of a specified contract month, and a short position of one Wheat 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 KC HRW Wheat–Wheat Intercommodity Spread call option may exercise his option only upon option expiration, (subject to Rule 14P02.A), to assume a long position of one KC HRW Wheat futures contract of a specified contract month, and a short position of one Wheat futures contract of a specified contract month at a strike price set at the time the option was purchased.

The seller of one KC HRW Wheat–Wheat Intercommodity Spread call option incurs the obligation of assuming a short position of one KC HRW Wheat futures contract of a specified contract month and a long position of one Wheat 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.

14G01.I. Termination of Trading

Subject to the provisions of rule 14P01.D no trades in KC HRW Wheat–Wheat Intercommodity Spread options expiring in the current month shall be made after the close of trading of the electronic trading session on the day identical to the expiration of standard KC HRW Wheat and Wheat 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 KC HRW Wheat–Wheat Intercommodity Spread Option (July KC HRW Wheat minus July Wheat) will expire on the last Friday which precedes by at least two business days the last business day of June; the December-December KC HRW Wheat–Wheat Intercommodity Spread Option (December KC HRW Wheat minus December Wheat) will expire on the last Friday which precedes by at least two business days the last business day of November.

14G01.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.

14G02. EXERCISE AND ASSIGNMENT

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

14G02.A. Exercise of Option

The buyer of a KC HRW Wheat–Wheat 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 5:30 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 5:30 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 KC HRW Wheat–Wheat Intercommodity Spread is calculated using final settlement values for the underlying contracts in the following formula: (Settlement Price of specified KC HRW Wheat futures) – (Settlement Price of specified Wheat 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.

14G02.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 KC HRW Wheat–Wheat Intercommodity Spread option the Clearing House assigns prices to the legs of the KC HRW Wheat–Wheat Intercommodity Spread in the following manner:

- a. assigned KC HRW Wheat Futures price equals the KC HRW Wheat Futures settlement price on the day of exercise,
- b. assigned Wheat Futures price equals the KC HRW 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.

14G03. [RESERVED]

14G04. CORRECTIONS TO OPTIONS EXERCISES

Corrections to option exercises, including automatic exercises, may be accepted by the Clearing House after the 5:30 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.

14G05. OPTION PREMIUM FLUCTUATION LIMITS

There are no option premium limits during any day for KC HRW Wheat–Wheat Intercommodity Spread options.

14G06. 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.

Appendix B

**CBOT Rulebook
Chapter 5
("Trading Qualifications and Practices")**

Position Limits, Position Accountability and Reportable Level Table

(attached under separate cover)

Appendix C

**CBOT Rulebook
Chapter 5
("Trading Qualifications and Practices")**

Rule 588.H. – ("Globex Non-Reviewable Trading Ranges") Table

Instrument	Globex Symbol	Globex Non-Reviewable Ranges (NRR)
------------	---------------	------------------------------------

KC HRW Wheat-Wheat
Intercommodity Spread
Options

KCW

The greater of the following:

- Delta multiplied by the underlying futures non-reviewable range
- 20% of premium up to ¼ of the underlying futures non-reviewable range
- 5 ticks

Appendix D

Analysis of Deliverable Supply and Cash Market Overview

KC HRW Wheat Deliverable Supply

Background:

All wheat produced in the U.S. in 2017/18 amounted to 1.741 billion bushels, with hard red winter (HRW) wheat, the deliverable class on KC HRW Wheat futures, representing 750 million bushels or just over 43 percent of total U.S. wheat production. HRW is high-protein wheat that is primarily milled into flour used in bread production. The USDA projected 2018/19 U.S. HRW wheat crop of 661 million bushels, a decrease of about 12 percent below 2017/18 numbers. Despite the drop in 2018/19 production due to drought, the quality as measured by protein content is greatly increased.

KC HRW Wheat Futures Delivery Capacity:

KC Wheat shipping certificates may be issued from any one of the currently regular for delivery elevators or warehouses located in the following switching limits:

- 1.) Kansas City, Missouri/Kansas,
- 2.) Hutchinson, Kansas,
- 3.) Salina/Abilene, Kansas, or
- 4.) Wichita, Kansas.

Below are the facilities regular for delivery on KC HRW Wheat futures as of August 2018 along with their storage capacity in bushels and maximum number of shipping certificates they may issue, with each shipping certificate equivalent to 5,000 bushels:

Firm	Location	Maximum Certificates
ADM Grain Company	Wolcott	505
Bartlett Grain Company	KCT #1	861
Bartlett Grain Company	River Rail	2,007
Bartlett Grain Company	Fairfax	2,007
Cargill, Inc.	Katy	866
TOTAL KANSAS CITY		6,246
ADM Grain Company	Elevator A	646
ADM Grain Company	Elevator B	200
ADM Grain Company	Elevator I	1,367
ADM Grain Company	Elevator J	3,661
Cargill, Inc.	Hutchinson	878
Cargill, Inc.	Hutchinson W	889
TOTAL HUTCHINSON		7,643
ADM Grain Company	Salina A	839
Cargill, Inc.	Salina	6,292
Flint Hills Grain, LLC	Abilene	430
The Scoular Company	Salina	2,122
TOTAL SALINA/ABILENE		9,684
Bartlett Grain Company, LP	Wichita	2,416
Gavilon Grain, LLC	Wichita	6,108
Ardent Mills, LLC	Wichita	1,136
TOTAL WICHITA		9,660

As of August 2018, firms regular for delivery on KC HRW Wheat futures had regular storage capacity of approximately 166.2 million bushels and the ability to issue up to 33,233 shipping certificates.

KC HRW Wheat Futures Deliverable Supply Procedures and Estimates:

Each Tuesday the Exchange publishes wheat meeting deliverable grades that are in-store as of the previous Friday at all regular delivery facilities. Deliverable supply is estimated as the stocks of grain in regular facilities on the Friday prior to First Notice Day. Although this measure does not distinguish stocks under long-term agreements, it is likely a very conservative estimate of deliverable supply because it does not count the significant amount of wheat that is likely near the delivery facilities and could easily be placed into delivery position very quickly. The Exchange may, at a later date, decide to estimate these stocks and included them in future deliverable supply estimates.

Futures Contract Expiration	Stocks of Wheat in Regular Facilities on the Friday prior to FND (1M Bushels)
Mar-17	101.82
Mar-16	74.14
Mar-15	41.07
MAR AVG	72.34
May-17	99.85
May-16	71.85
May-15	36.19
MAY AVG	69.03
Jul-17	117.74
Jul-16	100.42
Jul-15	50.43
JUL AVG	89.53
Sep-17	126.16
Sep-16	113.43
Sep-15	80.38
SEP AVG	106.66
Dec-17	117.20
Dec-16	108.58
Dec-15	81.08
DEC AVG	102.29
AVG ALL DELV MONTHS	88.02

Seasonality:

The Exchange evaluates seasonality on the deliverable supply across all KC HRW Wheat futures contract expirations. To the extent that 25 percent of any contract month's future estimated deliverable supply falls below the current spot month limit, the Exchange will evaluate whether there is a need to adjust the spot-month position limit for that corresponding contract month.

Long Term Contracts:

There is no readily available data on KC HRW wheat under long-term contracts or agreements that could not be delivered on futures and should not be counted in deliverable supply estimates. Outreach to three regular warehousemen suggests long-term agreements should not affect grain in-store should it become economical to deliver against futures.

Protein:

To be delivered against KC HRW Wheat futures, wheat must be at least 10.5 percent protein. Average Kansas protein content always exceeds 11 percent². However, given variability in quality, some portion of wheat in storage at any given time could grade below 10.5 percent. However, Kansas grain elevators do a good job using wheat from high protein years to blend with wheat from lower protein wheat, so that, over time, virtually all stocks of wheat are deliverable. The conversion of delivery instrument from warehouse

² See, for example,

https://www.nass.usda.gov/Statistics_by_State/Kansas/Publications/Cooperative_Projects/Wheat_Quality/KS_whtqlty16.pdf

receipt to shipping certificate, which would allow a regular elevator to deliver against stocks of high-protein wheat located at another facility likely adds to an elevator’s ability to blend virtually all stocks.

Wheat Deliverable Supply

Background:

All wheat production in the United States in the 2017/2018 season was 1.741 billion bushels, with soft red winter wheat representing 292 million bushels or over 16 percent of total US wheat production. Soft red winter wheat, which is the underlying wheat class for the CBOT Wheat futures contract, is primarily used to make cookies, cakes and crackers and is also used as a livestock feed.

CBOT Wheat Futures Delivery Capacity:

Wheat shipping certificates may be issued from any one of the currently regular for delivery facilities located in the following territories:

- A. Chicago and Burns Harbor, Indiana Switching District - The Chicago Switching District is the area geographically defined by Tariff ICC WTL 8020-Series and that portion of the Illinois Waterway at or above river mile 304 which includes the Calumet Sag Channel and the Chicago Sanitary & Ship Canal. The Burns Harbor, Indiana Switching District is the area geographically defined by the boundaries of Burns Waterway Harbor at Burns Harbor, Indiana which is owned and operated by the Indiana Port Commission.
- B. The Toledo, Ohio Switching District. – The Toledo, Ohio switching district includes any facility that has a Toledo tariff.
- C. St. Louis - Alton Switching District - The St. Louis – Alton Territory shall be on the Mississippi River between Upper River mile markers 205 and 168.
- D. The Northwest Ohio Territory shall be shuttle loading facilities within the following 12 counties: Allen, Crawford, Hancock, Hardin, Henry, Huron, Marion, Putnam, Sandusky, Seneca, Wood, and Wyandot.
- E. The Ohio River facilities shall be river loading facilities on the Ohio River from mile marker 455 to the Mississippi River.
- F. The Mississippi River facilities shall be river loading facilities on the Mississippi River downriver from the St. Louis-Alton Switching District to mile marker 715.

Facilities approved for delivery on Wheat futures in the Mississippi River, Ohio River and St. Louis-East St. Louis-Alton territories are limited in the number of shipping certificates that they may issue to an amount not to exceed 20 times their total daily rate of loading barges, while facilities in the Chicago, Burns Harbor, Toledo and Northwest Ohio delivery territories shall not deliver more than their registered storage capacity. As of August 2018, firms regular for delivery on CBOT Wheat futures had approved capacity to issue 42,456 shipping certificates or 212.28 million bushels of wheat.

Below are the facilities regular for delivery on Wheat futures in August 2018 along with the maximum number of shipping certificates they may issue, with each shipping certificate equivalent to 5,000 bushels:

Firm	Location	Max Certificates
Cargill, Inc.	Burns Harbor Elevator Portage, IN	1,553
COFCO International Grains US LLC	Elevator B Chicago, IL	2,462
ADM Grain Company	Sauget, IL	220
Archer-Daniels-Midland Co.	St. Louis Elevator St. Louis, MO	314
Bunge North America	Fairmont City, IL	440
Cargill Inc.	Elevator East St. Louis, IL	440
Ardent Mills, LLC	Alton, IL	677
Consolidated Grain and Barge	Cahokia, IL	220

Firm	Location	Max Certificates
Louis Dreyfus Company River Elevators LLC	Cahokia, IL	220
COFCO GROWMARK LLC	Cahokia, IL	440
The Andersons	Andersons-Illinois Elevator Maumee, Ohio	3,391
The Andersons	River Elevator Toledo, Ohio	1,240
The Andersons	Conant Street Elevator Maumee, Ohio	656
The Andersons	Edwin Drive Elevator Toledo, Ohio	1,180
The Andersons	Toledo, Ohio (Reynolds Rd)	196
ADM Grain Company	Toledo Elevator Toledo, Ohio	1,959
ADM Grain Company	Ottawa Lake Elevator Ottawa Lake, MI	2,372
ADM Grain Company	Newburgh, IN	440
ADM Grain Company	Evansville, In (Broadway)	440
ADM Grain Company	Evansville, IN (Dixie Flyer)	220
ADM Grain Company	Rockport, IN	440
ADM Grain Company	Mound City, IL	440
ADM Grain Company	Paducah, KY	220
ADM Grain Company	Ledbetter, KY	220
ADM Grain Company	Silver Grove, KY	440
ADM Grain Company	Henderson, KY	220
Bunge North America	Owensboro, KY	220
Bunge North America	Shawneetown, IL	440
Cargill, Inc.	Cincinnati, OH (Kellogg Avenue)	220
Cargill, Inc.	Cincinnati, OH (River Road)	220
Cargill, Inc.	Evansville, IN	220
Cargill, Inc.	Mt. Vernon, IN	440
Consolidated Grain and Barge	Cincinnati, OH (Anderson Ferry)	220
Consolidated Grain and Barge	Cincinnati, Oh (Southside Riverside)	220
Consolidated Grain and Barge	Aurora, IN	220
Consolidated Grain and Barge	Jeffersonville, IN	220
Consolidated Grain and Barge	Mt. Vernon, IN	220
Consolidated Grain and Barge	Mound City, IL	220
Consolidated Grain and Barge	Uniontown, KY	220
Consolidated Grain and Barge	Brandenburg, KY	220
Gavilon Grain LLC	Maceo, KY	440
Gavilon Grain LLC	Henderson, KY	440
Owensboro Grain Company	Owensboro, KY	220
ADM Grain Company	New Madrid, MO	440
ADM Grain Company	Memphis, TN	440
Bunge North America	Grand Tower, IL	220
Bunge North America	Hickman, KY	440
Bunge North America	Portageville, MO	440
Bunge North America	Caruthersville, MO	440
Bunge North America	Finley, TN	220
Bunge North America	Blytheville, AR	440
Bunge North America	Osceola, AR (Riverside)	220
Bunge North America	Osceola, AR (Landside)	440
Bunge North America	Memphis, TN	220
Bunge North America	West Memphis, AR	440
Cargill, Inc.	Buffalo Island, MO	220
Cargill, Inc.	New Madrid, MO	220
Cargill, Inc.	Hickman, KY	220
Cargill, Inc.	West Memphis, AR	440

Firm	Location	Max Certificates
Consolidated Grain and Barge	Charleston, MO	220
Consolidated Grain and Barge	Cape Girardeau, MO	220
Consolidated Grain and Barge	Caruthersville, MO	220
Consolidated Grain and Barge	Caruthersville, MO (Cottonwood Point)	220
Consolidated Grain and Barge	East Prairie, MO	220
Consolidated Grain and Barge	Osceola, AR	220
Consolidated Grain and Barge	Scott City, MO	220
Consolidated Grain and Barge	West Memphis, AR	220
Cargill, Inc.	Lima, OH	385
Sunrise Cooperative	Clyde, OH	1,655
Sunrise Cooperative	Galion, OH	1,397
Sunrise Cooperative	Wakeman, OH	1,756
Heritage Cooperative, Inc.	Upper Sandusky, OH	705
Heritage Cooperative, Inc.	Kenton, OH	720
Legacy Farmers Cooperative	Fostoria, OH	1,710
Legacy Farmers Cooperative	Findlay, OH	583
Legacy Farmers Cooperative	Custar, OH	605

CBOT Wheat Futures Deliverable Supply Procedures and Estimate:

Each Tuesday the Registrar's Office publishes wheat meeting deliverable grades that are in-store as of the previous Friday at all regular delivery facilities. The USDA-AMS publishes a weekly Grain Transportation Report (GTR) that covers developments affecting the transport of grain, both in the domestic and international marketplace (<http://www.ams.usda.gov/AMSV1.0/gtr>). This weekly publication reports on the latest volume and price data for barges, railroads, trucks, and ocean vessels involved in the transport of grain. Included in this report is the amount of wheat shipped through Lock 52³ on the Ohio River, which is a measure of wheat flowing through the Ohio River delivery territory for Wheat futures.

Deliverable supply is estimated as the stocks of grain in regular facilities on the Friday prior to First Notice Day plus the amount of wheat that passes through Lock 52 on the Ohio River during the four weeks prior to First Notice Day⁴. This is likely a very conservative estimate of deliverable supply because it does not count the significant amount of wheat that is likely near the delivery facilities and could easily be placed into delivery position very quickly. While this estimate of deliverable supply does not attempt to include these stocks, they could be estimated to some degree using economic theory. Economic theory and the theory of storage would suggest these uncounted stocks would likely exceed the stocks reported in the Stocks of Grain report⁵. Regular delivery facilities on the Ohio and Mississippi Rivers are in position to aggregate wheat for export; thus, the value of wheat in most of the river delivery facilities is greater than the value of wheat in the country because wheat in the country needs to be transported to be in position for export. The cost to store wheat includes opportunity cost, and opportunity costs increase with value. Thus, the cost to store wheat in position at a regular delivery facility is greater than the cost to store in the country all other factors equal. If there is wheat being stored in position in a river facility, it suggests export demand, and theory would suggest a greater amount of stocks would be stored internally due to the lower cost. The Exchange may, at a later date, decide to estimate these stocks and include them in future deliverable supply estimates.

³ http://marinas.com/view/lock/31_Ohio_River_Lock_52_Brookport_IL_United_States

⁴ This analysis does not include SRW wheat flowing down the Illinois and Upper Mississippi Rivers that would also be deliverable on the CBOT Wheat futures contract in the Alton – St. Louis delivery territory. Wheat statistics are available on the lowest lock on the Mississippi River, which would capture these data, but because these stocks are not differentiated between classes and likely contain significant amounts of spring wheat, the Exchange decided not to include these stocks in this analysis. Spring wheat is deliverable on CBOT Wheat futures, but rarely if ever delivered, so this analysis focuses on SRW wheat. Ohio River stocks included in this report are predominantly, if not virtually all, SRW wheat.

⁵ See <http://ajae.oxfordjournals.org/content/77/3/512.abstract>

Futures Contract Expiration	Wheat Movement through Lock 52 on the OH River during the 4 Weeks Prior to FND (1M Bushels)	Stocks of Wheat in Regular Facilities on the Friday prior to FND (1M Bushels)	Total Stocks (1M Bushels)
Mar-17	1.23	81.26	82.49
Mar-16	0.37	55.28	55.65
Mar-15	1.43	37.43	38.86
MAR AVG	1.01	57.99	59.00
May-17	1.93	67.95	69.88
May-16	0.67	49.37	50.04
May-15	1.20	30.25	31.45
MAY AVG	1.27	49.19	50.46
Jul-17	1.50	83.23	84.73
Jul-16	0.83	63.43	64.26
Jul-15	2.70	38.75	41.45
JUL AVG	1.68	61.80	63.48
Sep-17	2.73	79.28	82.01
Sep-16	1.30	93.78	95.08
Sep-15	6.53	50.79	57.32
SEP AVG	3.52	74.62	78.14
Dec-17	0.20	94.13	94.33
Dec-16	0.47	76.26	76.73
Dec-15	0.63	49.3	49.93
DEC AVG	0.43	73.23	73.66
AVG ALL DELV MONTHS	1.58	63.37	64.95

Seasonality:

The Exchange evaluates seasonality on the deliverable supply across all Wheat futures contract expirations. To the extent that 25 percent of any contract month's future estimated deliverable supply falls below the current spot month limit, the Exchange will evaluate whether there is a need to adjust the spot-month position limit for that corresponding contract month.

Long Term Contracts:

There is no readily available data on wheat under long-term contracts or agreements that could not be delivered on futures and should not be counted in deliverable supply estimates. To get a sense of the extent wheat is under long-term agreements and not deliverable, the Exchange reached out to 4 wheat regular delivery firms. Feedback from these firms indicates generally zero (0) percent of wheat in their facilities is under long-term agreement and could not be delivered against Wheat futures. One firm indicated generally zero percent under long-term agreement but at the very most five percent during some limited time frames. Given this feedback and the conservative nature of the estimate, the Exchange does not believe wheat stocks under long-term agreements significantly affect deliverable supply.

KC HRW Wheat-Wheat Deliverable Supply Recommendation

The intercommodity spread options expire before the spot month begins. For example, the July 2020 KC HRW Wheat-Wheat intercommodity spread expires on the last Friday of June 2020. Therefore, there is no need for the Exchange to recommend spot month position limits.