

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 17-433 (2 of 2)

Organization: The Board of Trade of the City of Chicago, Inc.

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 12/01/17 Filing Description: Initial Listing of Two Financially Settled Corn 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

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:



Christopher Bowen
 Managing Director and Chief Regulatory Counsel
 Legal Department

December 1, 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, DC 20581

RE: CFTC Regulation 40.2(a) Certification: Notification Regarding the Initial Listing of Two (2) Financially-Settled Black Sea Corn (Platts) Futures Contracts. CBOT Submission No. 17-433 (2 of 2)

Dear Mr. Kirkpatrick:

The Board of Trade of the City of Chicago, Inc. (“CBOT” or “Exchange”) is notifying the Commodity Futures Trading Commission (“CFTC” or the “Commission”) that it is self-certifying the initial listing of two (2) financially-settled corn (Platts) futures contracts, as noted in the table below (the “Contracts”) for trading on CME Globex and for submission for clearing via CME ClearPort, effective Sunday, December 17, 2017 for trade date Monday, December 18, 2017 as noted below.

Contract Title	Black Sea Corn Financially Settled (Platts) Futures	Black Sea Corn Financially Settled (Platts) Half Month Futures
Commodity Code	BCF	BCH
Rulebook Chapter	10C	10D
Settlement Method	Financial	Financial
Contract Size	50 metric tons	50 metric tons
Listing Schedule	Monthly contracts listed for 12 consecutive months	Half-Monthly contracts listed for 24 consecutive half-month periods
First Listed Month	January 2018	January 2018 Half 1
Minimum Price Fluctuation	\$0.25 per metric ton	\$0.25 per metric ton
Value per Tick	\$12.50	\$12.50
Block Trade Minimum Threshold	5 contracts	5 contracts
Termination of Trading	Trading terminates on the last business day in the contract month which is also a Platts publication date for the price assessment	Trading terminates on the last business day in the settlement period which is also a Platts publication date for the price assessment The settlement period for the first half of the month is the period from the 1st calendar day to the 15th calendar day of the contract month inclusive. The settlement period for the second half of the month is the period from the 16th calendar day to the last calendar day of the contract month inclusive.
CME Globex Matching Algorithm	First in First Out (FIFO)	First in First Out (FIFO)
Initial Price Limits	\$30 per metric ton	\$30 per metric ton

Trading and Clearing Hours:

CME Globex and CME ClearPort: Sunday – Friday 5:00 p.m. – 4:00 p.m. Central Time/CT with an hour break each day beginning at 4:00 p.m. CT.

Exchange Fees:

Level	Account Owner	Execution Type	Venue/Transaction Type	Exchange Fee
Individual Member				
1	Individual Members	Member Account Owner	Open Outcry	n/a
			CME Globex	\$0.20
			EFP	\$1.07
			EFR	\$1.37
			Block	\$1.20
	Individual Delegates	Delegate Trading Own Account	Open Outcry	n/a/
			CME Globex	\$0.30
			EFP	\$1.22
			EFR	\$1.52
			Block	\$1.30
Equity Members (Individual Equity members, Clearing Firms and Equity Firms)				
1	Equity Members ¹	Member or Delegate	Open Outcry	n/a
			CME Globex	\$0.20
			EFP	\$1.07
			EFR	\$1.37
			Block	\$1.17
		Non Member	Open Outcry	n/a
			CME Globex	\$0.46
			EFP	\$1.07
			EFR	\$1.37
			Block	\$1.17
	Rule 106.S. Family of Funds Equity Member Firms	Member, Delegate or Non Member	Open Outcry	n/a
			CME Globex	\$0.46
			EFP	\$1.07
			EFR	\$1.37
			Block	\$1.17

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.

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	n/a
			CME Globex	\$0.66
			EFP	\$1.21
			EFR/Block	\$1.66
	Individual Delegates (Other Member or Delegate executing the trade) & Rule 106.I. Affiliate Trading Member Firms	Member, Delegate or Non Member	Open Outcry	n/a
			CME Globex	\$0.81
			EFP	\$1.36
			EFR/Block	\$1.81
	Rule 106.S. Family of Funds Trading Member Firms	Member, Delegate or Non Member	Open Outcry	n/a
			CME Globex	\$0.66
			EFP	\$1.21
			EFR/Block	\$1.66
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	\$0.81
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	\$0.90
	Central Bank Incentive Program (CBIP), Emerging Markets Bank Incentive Program (EMBIP), Latin American Fund Manager Incentive Program (FMIP), Latin American Proprietary Trading Incentive Program (LAPTIP) Participants (For open outcry and EFP/EFP/Block - Non-Member rates apply)	Member, Delegate or Non Member	CME Globex	\$0.90
	Latin American Commercial Incentive Program (LACIP) Participants (For other than Ag CME Globex – Non-Member rates apply)	Member, Delegate or Non Member	CME Globex	\$1.03
	Non Members	N/A	Open Outcry	n/a
			CME Globex	\$1.03
EFP			\$1.44	
EFR/Block			\$2.03	
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
			Globex	n/a
			EFP	n/a
			EFR/Block	n/a

Processing Fees	Fee
Exchange Fees for Non Trades (Member/Delegate/Non-Member)	\$2.00
Exchange Fees for Non-Trades - Expired Options	\$0.10
Facilitation Fee	\$0.40
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 Adjustments/Position Transfers	\$0.10

CBOT is self-certifying block trading on the Contracts with a minimum block threshold of five (5) contracts for the Contracts. The block level is consistent with the Exchange’s existing products.

The Exchange reviewed the designated contracts market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the Contracts may have some bearing on the following Core Principles:

Compliance with Rules: Trading in the Contracts 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.

Contract Not Readily Subject to Manipulation: The Contracts are not readily subject to manipulation because of its structural attributes, active underlying market and reliance on a well administered index. Final settlements are based on an index published by S&P Global Platts and licensed to the Exchange.

Prevention of Market Disruption: Trading in the Contracts 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 Contracts as demonstrated in this submission are consistent with the Commission’s guidance.

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 contracts. The Exchange will issue a Special Executive Report (“SER”) regarding the launch of the Contracts.

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 Contracts.

Execution of Transactions: The Contracts will be listed for trading on the CME Globex electronic trading platform and for clearing through the CME ClearPort platform. The CME Globex trading venue provides for competitive and open execution of transactions. CME Globex affords the benefits of reliability and global connectivity. The CME ClearPort platform provides a competitive, open and efficient mechanism for the novation of transactions that are competitively executed by brokers.

Trade Information: All requisite trade information for the Contracts will be included in the audit trail and is sufficient for the Market Regulation Department to monitor for market abuse.

Financial Integrity of Contract: The Contracts will be cleared by the CME Clearing House, a derivatives clearing organization registered with the Commodity Futures Trading Commission 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 Regulations 40.2(a), the Exchange hereby certifies that listing the Contracts comply with the Act, including regulations under the Act. There were no substantive opposing views to listing the Contracts.

The Exchange certifies that this submission has been concurrently posted on the CME Group 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 Chapters
Appendix B: Position Limits, 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: CBOT Rule 589. (“Special Price Fluctuation and Price Limits”) Table
Appendix E: Cash Market Overview and Analysis of Deliverable Supply

Appendix A CBOT Rulebook Chapters

Chapter 10C

Black Sea Corn Financially Settled (Platts) Futures

10C100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price. The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

10C101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month shall be equal to the arithmetic average of the "FOB Black Sea corn (Ukraine)" price assessment published by Platts for each day that it is determined during the contract month. The Floating Price shall be rounded to the nearest \$0.01.

10C102. TRADING SPECIFICATIONS

The number of months open for trading at a given time shall be determined by the Exchange.

10C102.A. Trading Schedule

The hours of trading for this contract shall be determined by the Exchange.

10C102.B. Trading Unit

The contract quantity shall be fifty (50) metric tons.

10C102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per metric. The minimum price fluctuation shall be \$0.25 per metric ton. The final settlement price shall be rounded to the nearest \$0.01.

10C102.D. Price Limits

Daily price limits for Black Sea Corn Financially Settled (Platts) Futures are reset every six months, on the first trading day in May and the first trading day in November. For the May reset, daily settlement prices are collected for the nearest June contract month over 45 consecutive trading days before and on the business day prior to April 16th. For the November reset, daily settlement prices are collected for the nearest December contract month over 45 consecutive trading days before and on the business day prior to October 16th. The average of these daily settlement prices is calculated, and the new daily price limit shall be 20% of this average price rounded to the nearest \$5.

There shall be no trading in Black Sea Corn Financially Settled (Platts) Futures at a price more than the price limit above or below the previous day's settlement price.

Should two or more Black Sea Corn Financially Settled (Platts) Futures contract months, excluding the contract month which is in its final settlement price calculation period, settle at limit, the daily price limits for all contract months shall increase by 50 percent the next business day. If no Black Sea Corn Financially Settled (Platts) Futures contract month settles at the expanded limit the next business day, daily price limits for all contract months shall revert back the following business day to the pre-expansion price limit. There shall be no price limits on a contract month during its final settlement price calculation period. The final settlement price calculation period are all settlement days during the contract month.

10C102.E. 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.

10C102.F. Termination of Trading

Trading shall cease on the last business day in the contract month which is also a Platts publication date for the price assessment.

10C103. FINAL SETTLEMENT

Final settlement under the contract shall be by cash settlement. The final settlement price will be the Floating Price calculated for each contract month.

10C104. DISCLAIMER

NEITHER THE BOARD OF TRADE OF THE CITY OF CHICAGO, INC. ("CBOT"), ITS AFFILIATES, NOR S&P GLOBAL PLATTS GURANTEES THE ACCURACY AND/OR COMPLETENESS OF THE INDEX OR ANY OF THE DATA INCLUDED THEREIN.

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Chapter 10D

Black Sea Corn Financially Settled (Platts) Half Month Futures

10D100. SCOPE OF CHAPTER

The provisions of these rules shall apply to all contracts bought or sold on the Exchange for cash settlement based on the Floating Price. The procedures for trading, clearing and cash settlement of this contract, and any other matters not specifically covered herein shall be governed by the general rules of the Exchange.

10D101. CONTRACT SPECIFICATIONS

The Floating Price for each contract month shall be equal to the arithmetic average of the "FOB Black Sea corn (Ukraine)" price assessment published by Platts for each day that it is determined during the settlement period. The Floating Price shall be rounded to the nearest \$0.01.

The settlement period for the first half of the month is the period from the 1st calendar day to the 15th calendar day of the contract month inclusive.

The settlement period for the second half of the month is the period from the 16th calendar day to the last calendar day of the contract month inclusive.

10D102. TRADING SPECIFICATIONS

Contracts shall be offered in half months. The number of contracts open for trading at a given time shall be determined by the Exchange.

10D102.A. Trading Schedule

The hours of trading for this contract shall be determined by the Exchange.

10D102.B. Trading Unit

The contract quantity shall be fifty (50) metric tons.

10D102.C. Price Increments

Prices shall be quoted in U.S. dollars and cents per metric. The minimum price fluctuation shall be \$0.25 per metric ton. The final settlement price shall be rounded to the nearest \$0.01.

10D102.D. Price Limits

Daily price limits for Black Sea Corn Financially Settled (Platts) Half Month Futures are reset every six months, on the first trading day in May and the first trading day in November. For the May reset, daily settlement prices are collected for the nearest June first half month contract over 45 consecutive trading days before and on the business day prior to April 16th. For the November reset, daily settlement prices are collected for the nearest December first half month contract over 45 consecutive trading days before and on the business day prior to October 16th. The average of these daily settlement prices is calculated, and the new daily price limit shall be 20% of this average price rounded to the nearest \$5.

There shall be no trading in Black Sea Corn Financially Settled (Platts) Half Month Futures at a price more than the price limit above or below the previous day's settlement price.

Should two or more Black Sea Corn Financially Settled (Platts) Half Month Futures contract months, excluding the contract month which is in its final settlement price calculation period, settle at limit, the daily price limits for all contract months shall increase by 50 percent the next business day. If no Black Sea Corn Financially Settled (Platts) Half Month Futures contract month settles at the expanded limit the next business day, daily price limits for all contract months shall revert back the following business day to the pre-expansion price limit. There shall be no price limits on a contract month during its settlement period.

10D102.E. 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.

10D102.F. Termination of Trading

Trading shall cease on the last business day in the settlement period which is also a Platts publication date for the price assessment.

10D103. FINAL SETTLEMENT

Final settlement under the contract shall be by cash settlement. The final settlement price will be the Floating Price calculated for each contract month.

10D104. DISCLAIMER

NEITHER THE BOARD OF TRADE OF THE CITY OF CHICAGO, INC. ("CBOT"), ITS AFFILIATES, NOR S&P GLOBAL PLATTS GURANTEES THE ACCURACY AND/OR COMPLETENESS OF THE INDEX OR ANY OF THE DATA INCLUDED THEREIN.

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Appendix B

Position Limits, 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”)

(additions are underscored)

Instrument Name	Globex Symbol	Outright			Spreads	
		Globex Non-Reviewable Ranges (NRR)	NRR: Globex Format	NRR: Ticks	NRR: Globex Format	NRR: Minimum Outright Ticks
<u>Black Sea Corn Financially Settled (Platts) Futures</u>	<u>BWF</u>	<u>\$3.50 per metric ton</u>	<u>350</u>	<u>14</u>	<u>N/A</u>	<u>N/A</u>
<u>Black Sea Corn Financially Settled (Platts) Half Month Futures</u>	<u>BWH</u>	<u>\$3.50 per metric ton</u>	<u>350</u>	<u>14</u>	<u>N/A</u>	<u>N/A</u>

Appendix D

CBOT Rule 589. – (“Special Price Fluctuations and Price Limits”) Table

(additions are underscored)

Product	Rulebook Chapter	Commodity Code	Primary/ Associated	Associated With	Base in Real Economic Value	Level
<u>Black Sea Corn Financially Settled (Platts) Futures</u>	<u>10C</u>	<u>BCF</u>	<u>Primary</u>	<u>Primary</u>		\$30.00 per metric ton
<u>Black Sea Corn Financially Settled (Platts) Half Month Futures</u>	<u>10D</u>	<u>BCH</u>	<u>Primary</u>	<u>Primary</u>		\$30.00 per metric ton

Appendix E

Cash Market Overview and Analysis of the Deliverable Supply

CASH MARKET ANALYSIS

The Exchange is proposing to launch futures contract based on corn produced and delivered from the Black Sea region. The proposed Black Sea Corn futures contracts will be financially settled, and will settle against price assessments published for “FOB Black Sea corn (Ukraine)” by Platts.

In its cash market and deliverable supply analysis, the Exchange has incorporated data from a range of sources as described below.

The US Department of Agriculture (“USDA”), is the department of the US Government responsible for agricultural markets. Its Foreign Agricultural Service collates and publishes data on global agricultural markets.

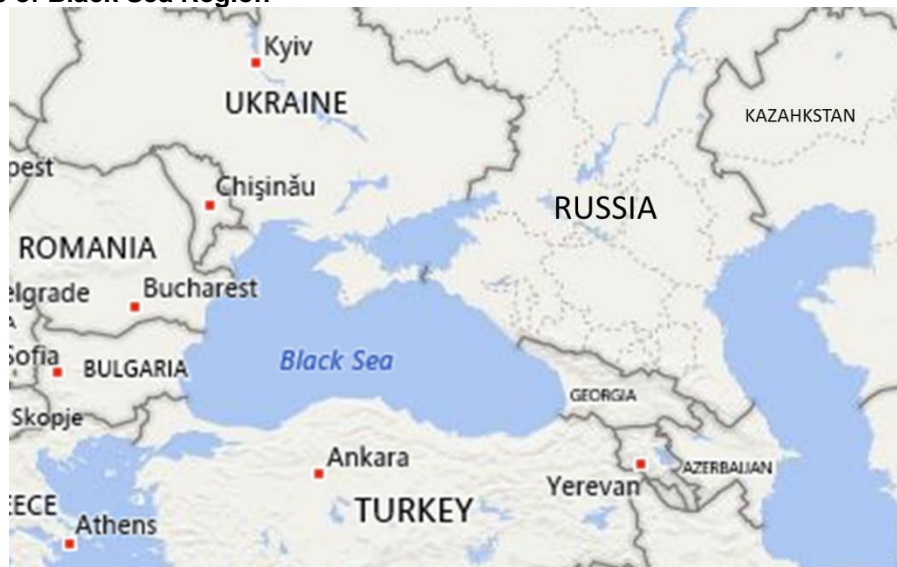
Eurostat is the statistical service of the European Union. It compiles and consolidates data collected by the statistical authorities in each EU member state. In addition, Eurostat ensures that all parties are employing the same methodology in collecting and reporting data.

The UN Comtrade Database provides free access to detailed global trade data. UN Comtrade is a repository of official trade statistics and relevant analytical tables. It contains annual trade statistics starting from 1962 and monthly trade statistics since 2010.

Platts is a division of S&P Global. It is a leading price information provider for commodity products around the world. Platts’ assessment methodology for Black Sea Corn are available on its website, as described below. CME Group is a party to license agreements with Platts to utilize their pricing data.

The Exchange is proposing to launch futures contracts based on corn produced and delivered from the Black Sea region. The Black Sea is bordered by Russia, Ukraine, Romania, Bulgaria, Turkey and Georgia, and contains major grain seaborne export ports for grain produced across a wide area, including much of Southern Russia and Kazakhstan.

Figure 1: Map of Black Sea Region



source: Bing maps, www.bing.com

Ukraine is the main producer and exporter of corn in the region, as can be seen in Tables 1 and 2 below. The USDA provides corn production data for some countries in the region. Production data for Romania and Bulgaria are provided by Eurostat.

Table 1: Black Sea Regional Corn Production

Thousand Metric Tons

	2013/14	2014/15	2015/16	2016/17
Kazakhstan ^A	570	664	734	762
Russia ^A	11,635	11,325	13,168	15,305
Turkey ^A	5,100	4,800	6,200	5,500
Ukraine ^A	30,900	28,450	23,333	28,000
	2013	2014	2015	2016
Bulgaria ^B	2,739	3,137	2,697	2,219
Romania ^B	11,305	11,989	8,985	10,746
Total	62,249	60,365	55,117	62,532

Notes: A: data source: USDA, corn production, data on an October-September local marketing year basis (September-August for Turkey, July-June for Kazakhstan)¹

B: data source: Eurostat, grain maize and corn-cob-mix production, data on a calendar year basis²

Table 2: Black Sea Regional Corn Exports

Thousand Metric Tons

	2013	2014	2015	2016
Bulgaria	2,151.0	1,828.8	1,175.6	1,318.1
Georgia	39.9	26.3	16.9	6.1
Kazakhstan	5.8	25.8	27.6	22.5
Rep. of Moldova	130.9	422.1	237.4	254.0
Romania	3,161.8	3,630.3	5,062.7	3,382.1
Russian Federation	2,599.0	3,487.2	3,695.3	5,319.9
Turkey	197.8	51.2	62.9	28.4
Ukraine	16,720.2	17,546.3	19,043.9	17,283.1
Total	25,006.3	27,017.9	29,322.3	27,614.1

data source: UN Comtrade Database³

The UN Comtrade Database provides a breakdown of export destinations. For the four main exporting countries that border the Black Sea, ie Russia, Ukraine, Romania and Bulgaria, 99 destination countries are identified over recent years. Spain is the largest importer of corn from the region, receiving 12.3% of all reported exports in 2015. Other large importers in 2015 were Egypt, Netherlands, South Korea, Italy and China. The focus of the underlying reference of the proposed futures contracts is seaborne trade. The information provided on export destinations can be used to identify destinations where the mode of transport

¹ See USDA grains data at <https://apps.fas.usda.gov/psdonline/app/index.html#/app/downloads>

² Eurostat Crop Statistics database apro_acs_a available at <http://ec.europa.eu/eurostat/data/database>

³ See <https://comtrade.un.org/data/> using HS Code 100590

is likely to be by land, or in the case of Russian exports likely to take a route other than through the Black Sea. This analysis suggests that approximately 7.8% of exports can be identified in this way⁴.

Table 3 provides data on regional imports of corn.

Table 3: Black Sea Regional Corn Imports

Thousand Metric Tons

	2013	2014	2015	2016
Bulgaria	30.0	18.7	48.4	32.5
Georgia	55.2	56.4	69.1	68.2
Kazakhstan	0.3	6.4	21.7	0.1
Rep. of Moldova	0.1	0.0	0.5	1.1
Romania	261.3	447.2	1593.6	569.9
Russian Federation	20.9	6.2	5.1	6.0
Turkey	1546.6	1422.1	1485.1	531.3
Ukraine	1.6	0.9	1.2	
Total	1916.1	1957.9	3224.7	1209.0

data source: UN Comtrade Database⁵

Consumption data for the region is not widely available. The USDA provides information on certain countries, as detailed in Table 4.

Table 4: Black Sea Regional Corn Consumption

Thousand Metric Tons

	2013/14	2014/15	2015/16	2016/17
Georgia	350	350	350	350
Kazakhstan	550	575	650	710
Russia	7,100	8,100	8,700	9,900
Turkey	5,800	7,050	6,550	6,850
Ukraine	10,600	8,600	6,900	6,400
Total	24,400	24,675	23,150	24,210

data source: USDA, corn domestic consumption, data on an October-September local marketing year basis (September-August for Turkey, July-June for Kazakhstan)⁶

Given its geographical size and position, data for Russian corn must be examined more closely, to better identify the volumes that are relevant to the Black Sea region. The USDA provides a graphic showing the corn growing regions in Russia.

⁴ Identified destinations include eastern European countries, and for Russia, countries bordering Russia in central and eastern Asia and countries in northern Europe.

⁵ See <https://comtrade.un.org/data/> using HS Code 100590

⁶ See USDA grains data at <https://apps.fas.usda.gov/psdonline/app/index.html#/app/downloads>

Figure 2: Location of Russian Corn Production in 2016



source: USDA⁷, darker colors indicate higher production.

It is clear that corn production areas are in close proximity to the Black Sea, and therefore all production is likely to be relevant for the Black Sea export market.

The proposed contracts are to be cash settled with reference to a Platts price assessment for export cargoes of corn from the Black Sea, using Ukrainian ports as the pricing reference point. The Platts methodology notes that “Platts may also include, for assessment purposes, other Black Sea ports or CFR prices from relevant destinations, normalized to so called Ukrainian Panamax ports as basis, using prevailing spot freight rates”⁸.

The export market is facilitated by numerous local and international firms who procure corn from farmers, typically paying local currency, move it to a port and sell it into the international market. Trades into the international market are typically transacted in US Dollars on a per cargo basis. Cargo sizes vary from 3,000 ton coasters to 78,000 ton panamax vessels. Handysize vessels, with deadweight tonnage in the region of 28,000 metric tons are the most frequently used vessels in the export market. Each physical cargo parcel may be traded multiple times, in what is referred to as a string of back to back contracts. Corn is typically bought and sold on a spot basis, with the typical delivery term being 1 month to 6 weeks. Little or no long term deals are concluded in the market, and all cargoes are considered re-tradable. Large multinational firms are active on both the buy and the sell side, and are active in the spot market. Quotations for corn transactions are frequently priced as differential to the active CBOT Corn Futures price.

As an agricultural crop, there is a seasonal pattern to volumes. This pattern is dampened to an extent through the use of grain storage facilities to manage deliveries throughout the year. Harvest traditionally starts in October, with larger export volumes in the months that follow, and lower export volumes in the months leading up to October. The UN Comtrade Database provides export data on a monthly basis, however, data appears to be incomplete. Table 5 provides the monthly export data that is available.

Table 5: Monthly Corn Exports

⁷ See USDA publication: “Russian Federation Grain and Feed Annual 2017” https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Grain%20and%20Feed%20Annual_Moscow_Russian%20Federation_4-14-2017.pdf

⁸ Platts Grains Methodology at <https://www.platts.com/methodology-specifications/agriculture>

Thousand Metric Tons

	Russia				Ukraine			
	2013	2014	2015	2016	2013	2014	2015	2016
Jan	137.8	407.7	109.4	273.5	1,636.9	2,509.8	1,894.7	1,676.0
Feb	147.1	423.3	302.7	688.7	1,431.3	2,514.4	2,216.2	2,369.9
Mar	116.4	593.0	444.3	668.9	1,469.9	2,714.6		2,365.7
Apr	181.6	388.3	465.2	676.0	1,318.5	1,391.6		2,041.0
May	192.0	425.2	278.2	440.2	728.7	1,293.7		1,002.1
Jun	140.6	133.3	306.3	198.0	741.9	308.1		919.7
Jul	40.0	46.3	154.8		556.7	373.8		438.6
Aug	23.9	15.2	29.9		28.2	87.3		136.0
Sep	106.4	248.7	313.5		178.2	173.2		67.6
Oct	242.4	276.8	356.0		1,304.1	1,274.6		1,354.8
Nov	588.8	230.3	472.3		3,263.7	2,223.1		2,264.3
Dec	681.8	299.1	462.8		4,062.2	2,683.5		2,647.4
	Bulgaria				Romania			
	2013	2014	2015	2016	2013	2014	2015	2016
Jan	83.7	37.5	88.6	54.0	77.5	254.5	447.3	261.2
Feb	49.1	13.0	102.3	38.9	31.5	243.4	469.3	196.1
Mar	77.4	4.6	65.2	136.9	95.5	133.0	452.7	175.5
Apr	159.8	24.0	46.2	194.9	85.7	135.4	480.1	135.9
May	66.2	38.4	109.5	143.5	243.9	97.2	485.3	
Jun	65.9	79.5	49.0	84.5	84.0	89.3		186.2
Jul	53.9	7.1	36.4	8.0	149.7			
Aug	49.5	17.9	11.9	7.9	45.8			
Sep	342.8	151.0	88.8	78.2		400.6		347.3
Oct	548.2	503.3	257.9	421.5		855.6		681.1
Nov	369.3	623.8	133.0	106.6		884.2	383.2	536.9
Dec	237.1	328.3	185.9	43.3	471.0	406.4	413.3	394.2

data source: UN Comtrade Database⁹

In Table 5, the data for Bulgaria is the most complete. For Bulgaria, August is the month with the lowest export volumes, with average level for August being at 16.3% of the average for all months in the data set. Bulgaria is also the smallest exporter in the group. A similar analysis for Romania suggests August has 5.1% of the average monthly volume, but with incomplete data. For Russia, for the years 2013-2015, August exports are 8.5% of the overall monthly average. For Ukraine, excluding the year 2015 for data is incomplete, August exports are 5.9% of the overall monthly average.

⁹ See <https://comtrade.un.org/data/> using HS Code 100590

DELIVERABLE SUPPLY ANALYSIS

For the proposed Black Sea Corn futures contracts, in its analysis of deliverable supply, the Exchange has determined deliverable supply as the volume of exports of corn from the major exporting nations which border the Black Sea. These are Russia, Ukraine, Romania and Bulgaria.

Table 2 above provides gross data on corn exports. Export data is reduced by 7.8% in order to reflect exports that are likely shipped by seaborne vessels. With these reductions, adjusted exports volumes can be assessed as follows:

Table 6: Adjusted Black Sea Regional Corn Exports

Thousand Metric Tons

	2013	2014	2015	2016
Bulgaria	1,983.2	1,686.2	1,083.9	1,215.3
Romania	2,915.2	3,347.1	4,667.8	3,118.3
Russian Federation	2,396.3	3,215.2	3,407.1	4,904.9
Ukraine	15,416.0	16,177.7	17,558.5	15,935.0
Total	22,710.7	24,426.2	26,717.3	25,173.6

data source: CME Group

The adjusted export volumes described in Table 6 represent the Exchange's assessment of deliverable supply. The average yearly total export volume for the three years 2014-2016 is 25.44 million metric tons. No adjustment is required to reflect long term supply arrangements in this market. No data on crop quality for corn is available, and no adjustment is made with respect to quality.

On a monthly basis, deliverable supply is assessed as 2.12 million metric tons using the 2014-2016 period. The contract size of the proposed new futures contracts is 50 metric tons. Deliverable supply is therefore equivalent to 42,398 contracts per month.

In order to account for seasonality, deliverable supply is reduced to 6% of this value, reflecting the seasonal structure shown in Table 5. Seasonal minimum deliverable supply is therefore equivalent to 2,544 contracts per month. Position limits for contracts are being set at 600 lots, equal to 23.5% of the seasonal minimum deliverable supply.