

September 6, 2013

**VIA E-MAIL**

Ms. Melissa Jurgens  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, DC 20581

**RE: Unexercised KCBT Wheat Option Expiration Time  
KCBT Submission No. 13-375**

Dear Ms. Jurgens:

Pursuant to Commission Regulation 40.6(a), the Board of Trade of Kansas City, Missouri ("KCBT") is self-certifying a change to the time when unexercised KCBT Standard, Serial, Weekly, and Short-Dated New Crop Wheat options ("KCBT Wheat Options") expire. Implementation of this change is planned for trading date September 23, 2013.

Consistent with CBOT Standard, Serial, Weekly, and Short-Dated New Crop Wheat options ("CBOT Wheat Options"), the last trading day for expiring KCBT Wheat Options is Friday at 1:15 p.m. Chicago time<sup>1</sup>. Also consistent with CBOT Wheat Options, the deadline for holders of KCBT Wheat Options to issue contrary instructions should they want out-of-the-money options to be exercised or prevent in-the-money options from being automatically exercised is later the same Friday at 6:00 p.m. Chicago time. Automatic exercise of all in-the-money options and out-of-the-money options that have received contrary instructions occurs after 6:00 p.m. Chicago time on the last trading day in both CBOT and KCBT Wheat Options. KCBT Rule 2514.00 states that options expire on 10:00 a.m. on the Saturday following the last trading day. However, since all exercised KCBT Wheat Options are exercised after 6:00 p.m. Chicago time on the last trading day consistent with CBOT Wheat Options, the 10:00 a.m. expiration in KCBT Rule 2514.00 pertains only to unexercised options. All unexercised CBOT Wheat Options (out-of-the-money options and in-the-money options that received contrary instructions) expire at 7:00 p.m. Chicago time on the last trading day. Beginning the week of September 23, 2013, and pending CFTC review, the Exchange plans to change the time in the KCBT Rulebook when unexercised KCBT Wheat Options expire from the Saturday following last trading day at 10:00 a.m. Chicago time to last trading day at 7:00 p.m. Chicago time.

This change is non-material. It only pertains to unexercised options, which includes out-of-the-money options and in-the-money options that have received contrary instructions from the option buyer. There is no change in the deadline for contrary instructions, which continues to be at 6:00 p.m. Chicago time on the last trading day. Thus, the change only affects when

---

<sup>1</sup> If such Friday is not a business day, the last day of trading is the business day prior to such Friday.

unexercised options are “technically” considered expired; the Exchange performs no formal action on unexercised options at 7:00 p.m. Chicago time on the last trading day for CBOT Wheat Options or at 10:00 a.m. Chicago time on the Saturday following last trading day for KCBT Wheat Options. Neither market participants nor market conditions can change whether an option is or is not exercised between 6:00 p.m. on the last trading day and 10:00 a.m. on the Saturday following the last trading day; i.e., the exact unexercised options that technically expire at 7:00 p.m. on the last trading day are also the exact same options that technically expire at 10:00 a.m. on the Saturday following the last trading day.

KCBT business staff and the KCBT legal department collectively reviewed the designated contract market core principles (“Core Principles”) as set forth in the in the Commodity Exchange Act (“CEA” or “Act”). During the review, KCBT staff identified that the change in the expiration of unexercised options may have some bearing on the following Core Principle:

- Daily Publication of Trade Data: Only market participants that have options positions exercised receive notice of exercise following trade; holders of unexercised options do not receive notice. Since this change only pertains to unexercised options, there is no change in market participant notice.

The Exchange is not aware of any substantive opposing views to this proposal.

The Exchange certifies that these contract terms and conditions comply with the CEA and regulations thereunder. 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>.

If you require any additional information regarding this action, please contact me at 212-299-2200 or [Christopher.Bowen@cmegroup.com](mailto:Christopher.Bowen@cmegroup.com), or John McKinlay at 312-930-3028 or [John.McKinlay@cmegroup.com](mailto:John.McKinlay@cmegroup.com), and reference KCBT Submission No. 13-375 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit A: Modifications to KCBT Rule Chapter 2514.00

## EXHIBIT A

(additions **bold and underlined** and deletions [~~bracketed with strikethrough~~]).

### 2514.00 Last Day Of Trading And Expiration.

- a. For options months in the ordinary cycle; no trades in options expiring in the current month shall be made after 1:15 p.m. on the last Friday which precedes by at least two (2) business days, the first notice day for the corresponding futures contract.
- b. For serial options months (months outside the ordinary cycle); no trades shall be made after 1:15 p.m. on the Friday which precedes by at least two (2) business days, the last business day of the calendar month immediately preceding the option serial month, (for example, for November serial options contracts, the last trading day is the Friday which precedes by at least two (2) business days, the last business day in October). If such Friday is not a business day, the last day of trading shall be the business day prior to such Friday. [~~The option~~] **Unexercised options** shall expire at [~~10:00 a.m.~~] **7:00 p.m.** on the **last day of trading.** [~~first Saturday following the option's last day of trading.~~]
- c. For weekly options; no trades in weekly options shall be made after 1:15 p.m. on the Friday such a weekly option expires. If such Friday is not a business day, the last day of trading shall be the business day prior to such Friday. [~~The option~~] **Unexercised options** shall expire at [~~10:00 a.m.~~] **7:00 p.m.** on the **last day of trading.** [~~first Saturday following the option's last day of trading.~~]
- d. For short-dated new crop options, the last day of trading in any option for expiry in a given month shall be the last Friday which precedes by at least two business days the last business day of the calendar month preceding such option's named expiry month. If such Friday is not a business day, then the last day of trading in such option shall be the business day prior to such Friday. On their last day of trading, short-dated new crop options shall cease trading at the same time that its corresponding futures contract ceases trading. [~~The option~~] **Unexercised options** shall expire at [~~10:00 a.m.~~] **7:00 p.m.** on the **last day of trading.** [~~first Saturday following the option's last day of trading.~~]