

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 15-069

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): February 26, 2015 Filing Description: Reconciliation of Daily Price Limits for the Wheat Futures and 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)
- 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: Wheat Futures and KC HRW Wheat Futures

Rule Numbers: CBOT Rulebook Chapters 14 and 14H

February 26, 2015

**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 40.5(a) Approval of Daily Price Limits Rule Amendments for the Wheat Futures and KC HRW Wheat Futures Contracts.  
CBOT Submission No. 15-069**

Dear Mr. Kirkpatrick:

The Board of Trade of the City of Chicago, Inc. (“CBOT” or “Exchange”), pursuant to Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulation 40.5(a), hereby seeks the Commission’s approval for the rule amendments to CBOT Rulebook to harmonize daily price limits for Wheat Futures (Rulebook Chapter 14; Commodity Code: W) and KC HRW Wheat Futures (Chapter 14H; Commodity Code: KW) (collectively, the “Contracts”). The proposed amendments will become effective on Friday, May 1, 2015.

The Exchange implemented variable price limits for grain and oilseed products on May 1, 2014. This new mechanism has been well received by market participants. However, due to the typical price differences between the Contracts, the current mechanism has resulted in different daily price limits, which may disrupt the related inter-commodity spread trade. In an effort to avoid any such potential disruption, effective May 1, 2015, the Exchange will harmonize daily price limits for the Contracts as follows:

1. The initial daily price limits for the Contracts will be the same and will be the higher value of the preliminary initial price limits for these two products calculated based on the current method specified in Rules 14102.D. and 14H02.D. and;
2. If an expanded limit is triggered in one of the Contracts, the Exchange would expand the limits by 50 percent (rounded up to the nearest 5 cents/bushel) for the Contracts the next trading day to ensure undisrupted trading of inter-commodity spreads. If neither Contract settles at the expanded limits, limits for the Contracts shall revert back to their initial price limits the following trading day.

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 proposed changes may impact the following Core Principles:

- Compliance with Rules – Changing daily price limits will not affect the Exchange’s ability to assure compliance with rules and conduct market surveillance obligations under the Act. The Exchange believes that it has appropriate systems, policies and procedures in place to address the changing price limits.
- Prevention of Market Disruption – Appropriate price limits establish boundaries that allow the market to reflect and adjust to shocks and major price moves without becoming too intrusive and regularly disrupting trade.
- Availability of General Information – The Exchange will publish the price limits information in futures terms and conditions, trading rules and specifications on its website.

- Execution of Transactions – Appropriate price limits allow the futures price discovery process to function satisfactorily while still providing time for reflection during periods of high volatility.
- Trade Information – The changing price limits will not affect the Exchange’s ability to record and store identifying trade information in order to assist in the prevention of customer and market abuses.
- Protection of Market Participants – The Exchange will continue to monitor all market participants to prevent any abusive practices and to assure equitable trading for all users.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.5(a), the Exchange hereby seeks approval from the Commission that the proposed amendments comply with the Act, including regulations under the Act. The Exchange certifies that these amendments comply with the CEA and regulations thereunder. The Exchange is not aware of any substantive opposing views to this proposal.

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>.

If you require any additional information regarding this action, please contact me at 212-299-2200 or via e-mail at [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Appendix A – CBOT Rulebook Chapters 14 and 14H (blackline format)

## **Appendix A**

### **CBOT Rulebook Chapters**

(Additions underlined and deletions ~~overstruck~~)

#### **Chapter 14 Wheat Futures**

##### **14102. TRADING SPECIFICATIONS**

###### **14102.D. Daily Price Limits**

Daily price limits for Wheat futures are reset every six months. The first reset date would be the first trading day in May based on the following: Daily settlement prices are collected for the nearest July contract over 45 consecutive trading days before and on the business day prior to April 16th. The average price is calculated based on the collected settlement prices and then multiplied by seven percent. The resulting number, rounded to the nearest 5 cents per bushel, or 30 cents per bushel, whichever is higher, will be the preliminary new initial price limit. This preliminary initial price limit and the preliminary initial price limit for KC HRW Wheat futures shall be compared, and the higher of the two shall be the new initial price limit for Wheat futures and will become effective on the first trading day in May and will remain in effect through the last trading day in October.

The second reset date would be the first trading day in November based on the following: Daily settlement prices are collected for the nearest December contract over 45 consecutive trading days before and on the business day prior to October 16th. The average price is calculated based on the collected settlement prices and then multiplied by seven percent. The resulting number, rounded to the nearest 5 cents per bushel, or 30 cents per bushel, whichever is higher, will be the preliminary new initial price limit. This preliminary initial price limit and the preliminary initial price limit for KC HRW Wheat futures shall be compared, and the higher of the two shall be the new initial price limit for Wheat futures and will become effective on the first trading day in November and will remain in effect through the last trading day in next April.

There shall be no trading in Wheat futures at a price more than the initial price limit above or below the previous day's settlement price. Should two or more Wheat futures contract months within the first five listed non-spot contracts (or the remaining contract month in a crop year, which is the May contract) settle at limit, or should two or more KC HRW Wheat futures contract months within the first five listed non-spot contracts (or the remaining contract month in a crop year, which is the May contract) settle at limit, the daily price limits for all contract months shall increase by 50 percent the next business day, rounded up to the nearest 5 cents per bushel. If no Wheat futures contract month and no KC HRW Wheat futures contract month settles at the expanded limit the next business day, daily price limits for all contract months shall revert back to the initial price limit the following business day. There shall be no price limits on the current month contract on or after the second business day preceding the first day of the delivery month.

#### **Chapter 14H KC HRW Wheat Futures**

##### **14H02. TRADING SPECIFICATIONS**

###### **14H02.D. Daily Price Limits**

Daily price limits for KC HRW Wheat futures are reset every six months. The first reset date would be the first trading day in May based on the following: Daily settlement prices are collected for the nearest July contract over 45 consecutive trading days before and on the business day prior to April 16th. The average

price is calculated based on the collected settlement prices and then multiplied by seven percent. The resulting number, rounded to the nearest 5 cents per bushel, or 30 cents per bushel, whichever is higher, will be the preliminary new initial price limit. This preliminary initial price limit and the preliminary initial price limit for Wheat futures shall be compared, and the higher of the two shall be the new initial price limit for KC HRW Wheat futures and will become effective on the first trading day in May and will remain in effect through the last trading day in October.

The second reset date would be the first trading day in November based on the following: Daily settlement prices are collected for the nearest December contract over 45 consecutive trading days before and on the business day prior to October 16th. The average price is calculated based on the collected settlement prices and then multiplied by seven percent. The resulting number, rounded to the nearest 5 cents per bushel, or 30 cents per bushel, whichever is higher, will be the preliminary new initial price limit. This preliminary initial price limit and the preliminary initial price limit for Wheat futures shall be compared, and the higher of the two shall be the new initial price limit for KC HRW Wheat futures and will become effective on the first trading day in November and will remain in effect through the last trading day in next April.

There shall be no trading in KC HRW Wheat futures at a price more than the initial price limit above or below the previous day's settlement price. Should two or more KC HRW Wheat futures contract months within the first five listed non-spot contracts (or the remaining contract month in a crop year, which is the May contract) settle at limit, or should two or more Wheat futures contract months within the first five listed non-spot contracts (or the remaining contract month in a crop year, which is the May contract) settle at limit, the daily price limits for all contract months shall increase by 50 percent the next business day, rounded up to the nearest 5 cents per bushel. If no KC HRW Wheat futures contract month and no Wheat futures contract month settles at the expanded limit the next business day, daily price limits for all contract months shall revert back to the initial price limit the following business day. There shall be no price limits on the current month contract on or after the second business day preceding the first day of the delivery month.