

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 18-444

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): 11/09/18 Filing Description: Amendments to Increase the Storage Charge for Soybean Oil Futures and Increase the Premium Charge for Soybean Meal Futures Effective Expiration of March 2020

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- | | | |
|--------------------------|-------------------------------------|------------|
| <input type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Notification | § 40.6(d) |
| <input type="checkbox"/> | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/> | SIDCO Emergency Rule Change | § 40.10(h) |

Rule Numbers:

New Product

Please note only ONE product per Submission.

- | | | |
|--------------------------|---------------------------------------|------------|
| <input type="checkbox"/> | Certification | § 40.2(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.23(a) |
| <input type="checkbox"/> | Certification Swap Class | § 40.2(d) |
| <input type="checkbox"/> | Approval | § 40.3(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.23(b) |
| <input type="checkbox"/> | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> | Swap Submission | § 39.5 |

Official Product Name:

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

- | | | |
|-------------------------------------|---|----------------------|
| <input type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Certification Made Available to Trade Determination | § 40.6(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.24(a) |
| <input type="checkbox"/> | Delisting (No Open Interest) | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Approval Made Available to Trade Determination | § 40.5(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.24(c) |
| <input checked="" type="checkbox"/> | Approval Amendments to enumerated agricultural products | § 40.4(a), § 40.5(a) |
| <input type="checkbox"/> | "Non-Material Agricultural Rule Change" | § 40.4(b)(5) |
| <input type="checkbox"/> | Notification | § 40.6(d) |

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

Rule Numbers: See filing.



Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

November 9, 2018

VIA ELECTRONIC PORTAL

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

Re: CFTC Regulation 40.4(a)/40.5(a) Approval. Notification Regarding Amendments to Increase the Storage Charge for Soybean Oil Futures and Increase the Premium Charge for Soybean Meal Futures Effective Expiration of March 2020. CBOT Submission No. 18-444

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulations 40.4(a) and 40.5(a), The Board of Trade of the City of Chicago, Inc. (“CBOT” or “Exchange”) is requesting approval for changes to the Soybean Oil futures (CME Globex Code: ZL; Clearing Code: 07; Rulebook Chapter: 12), and Soybean Meal futures (CME Globex Code: ZM; Clearing Code: 06, Rulebook Chapter: 13) contracts (collectively, the “Contracts”) to increase the premium charges (storage rates) (collectively the “Rule Amendments”). The Exchange anticipates an effective date of December 24, 2018.

Specifically, the Exchange is requesting approval to increase maximum storage charges for the Soybean Oil futures contract from 3/100s of one cent per 100 pounds per day to 5/100s of one cent per 100 pounds per day and increase maximum premium charges for the Soybean Meal futures contract from 7 cents per ton per day to 12 cents per ton per day. This is a change of approximately 60 percent, which is commensurate with the change to the maximum premium charge in Soybean futures contracts of 5 cents per bushel per day to 8 cents per bushel per day, currently pending CFTC approval. The Exchange proposes these increases to take effect following the expiration of the March 2020 contract month. The Rule Amendments are provided in Exhibit A below in blackline format.

Soybean Oil:	Present – 03/18/20 3/10ths of one cent per 100 lbs per day	Commencing 03/19/20 5/10ths of one cent per 100 lbs per day
Soybean Meal:	Present – 03/18/20 7 cents per ton per day	Commencing 03/19/20 12 cents per ton per day

The Exchange began conducting extensive market outreach regarding convergence in the Corn futures and Soybean futures contracts in the fourth quarter of 2017. The Exchange hosted a focus group meeting in the second quarter of 2018 and released a survey to the entire industry which garnered over 80 responses. As a result, the Exchange is in the process of implementing rule amendments to increase the fixed storage rate in the Corn futures and Soybean futures contracts (see [CBOT Submission No. 18-314R](#) dated July 12, 2018). The Exchange hosted a regularly-scheduled focus group meeting regarding Soybean Oil in the summer of 2018. The Exchange determined it was prudent to include Soybean Meal in this outreach to determine whether there was market support in the two products for like increases in the maximum storage charges. One of the major themes that emerged from the focus group discussions was a desire by many market participants to keep the terms of the soybean crush relationship consistent with a

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proportional increase in storage rates on both the Soybean Oil futures and Soybean Meal futures contracts. Additional outreach to other major market participants not represented on the focus group found overwhelming support for proportional increases.

Most feedback supported implementing the increases in maximum storage for the Contracts on the same schedule as Soybean futures. The Exchange considers a variety of factors when making implementation decisions pertaining to the terms and conditions of enumerated agricultural contracts:

- Levels of Open Interest – per CFTC Regulation 40.4, an exchange can self-certify changes to an enumerated agricultural contract if those changes are implemented on contracts without open interest. However, since the listing cycle extends through December 2021, the Exchange needs to balance the strong preference of the industry for a consistent crush relationship against any potential impact on the value of existing positions. Under these circumstances, the Exchange evaluates the structure of existing open interest to identify a time period where a contract change would make minimal impact. At the close of trade date November 2, 2018, only 0.5% percent of open interest for soybean oil would be impacted by the change and 0.2% percent of soybean meal open interest would be impacted.
- Historical Precedent –changes to storage and premium rates have typically been implemented on contracts with open interest. The Exchange notes that information about planting and crushing estimates and demand for the subject commodities is not yet available, so in addition to the storage rate changes, there are a number of variables that may impact the prices – and spreads – for soybean oil and soybean meal but cannot be accurately assessed at this time.
- Spreads Relative to Financial Full Carry – the Exchange looks at calendar spreads relative to financial full carry. Spreads inside financial full carry are not being constrained by storage rates, and an increase in storage should theoretically not materially affect prices. All calendar spreads out of the March 2020 Soybean Oil futures and Soybean Meal futures contracts are significantly inside financial full carry.

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 Rule Amendments may have some bearing on the following Core Principles:

- **Availability of General Information:** To comply with this Core Principle and to ensure that market participants are apprised of the Rule Amendments, the Exchange will make publicly available the details of the Rule Amendments herein by publishing a Special Executive Report (“SER”) to the market. The SER will also be available on CME Group’s website.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.4(a) and 40.5(a), the Exchange hereby certifies that the Rule Amendments comply with the Act, including regulations under the Act. The Exchange notes that there was no substantive opposing views to the Rule Amendments.

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 submission, please e-mail CMEGSubmissionInquiry@cmegroup.com or contact me at 212-299-2200.

Sincerely,

/s/Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments:

Exhibit A - Amendments to CBOT Rules 12108. ("Storage Charges") and 13108. ("Premium Charges") (blackline format) (Effective Upon Approval)

Exhibit B - Amendments to CBOT Rules 12108. ("Storage Charges") and 13108. ("Premium Charges") (blackline format) (Effective March 19, 2020)

Exhibit A

CBOT Rulebook

(additions underlined)

(Effective Upon CFTC Approval)

Chapter 12

Soybean Oil Futures

12108. STORAGE CHARGES

(EFFECTIVE THROUGH MARCH 18, 2020)

No Soybean Oil Warehouse Receipts shall be valid for delivery on futures contracts unless the storage charges shall have been paid up to and including the 18th day of the preceding month and such payment endorsed on the Soybean Oil Warehouse Receipt unless registration is at a later date. Unpaid accumulated storage charges at the posted tariff applicable to the warehouse where the soybean oil is stored shall be allowed and credited to the buyer by the seller up to and including date of delivery.

The storage rates on Crude Soybean Oil shall not exceed 3/10th of one cent per day per 100 pounds. When the Warehouseman schedules tank car loading, storage shall continue through the date of surrender of a properly cancelled warehouse receipt and shall begin again on the sixth day after surrender date if loading has not been completed and continue until the oil has been loaded. When the Warehouseman schedules truck loading, storage charges shall continue through the date of loading.

12108. STORAGE CHARGES

(EFFECTIVE MARCH 19, 2020 AND BEYOND)

No Soybean Oil Warehouse Receipts shall be valid for delivery on futures contracts unless the storage charges shall have been paid up to and including the 18th day of the preceding month and such payment endorsed on the Soybean Oil Warehouse Receipt unless registration is at a later date. Unpaid accumulated storage charges at the posted tariff applicable to the warehouse where the soybean oil is stored shall be allowed and credited to the buyer by the seller up to and including date of delivery.

The storage rates on Crude Soybean Oil shall not exceed **5/10th** of one cent per day per 100 pounds. When the Warehouseman schedules tank car loading, storage shall continue through the date of surrender of a properly cancelled warehouse receipt and shall begin again on the sixth day after surrender date if loading has not been completed and continue until the oil has been loaded. When the Warehouseman schedules truck loading, storage charges shall continue through the date of loading.

Chapter 13

Soybean Meal Futures

13108. PREMIUM CHARGES

(EFFECTIVE THROUGH MARCH 18, 2020)

No Soybean Meal Shipping Certificates shall be valid for delivery on futures contracts unless the premium charges shall have been paid up to and including the 18th day of the preceding month and such payment endorsed on the Soybean Meal Shipping Certificate unless registration is at a later date. Unpaid accumulated premium charges shall be allowed and credited to the Buyer by the Seller to and including the date of delivery.

The premium charges on Soybean Meal for delivery shall not exceed 7 cents per ton per day.

13108. PREMIUM CHARGES

(EFFECTIVE MARCH 19, 2020 AND BEYOND)

No Soybean Meal Shipping Certificates shall be valid for delivery on futures contracts unless the premium charges shall have been paid up to and including the 18th day of the preceding month and such payment endorsed on the Soybean Meal Shipping Certificate unless registration is at a later date. Unpaid accumulated premium charges shall be allowed and credited to the Buyer by the Seller to and including the date of delivery.

The premium charges on Soybean Meal for delivery shall not exceed 12 cents per ton per day.

Exhibit B

CBOT Rulebook

(additions underlined; deletions ~~struckthrough~~)

(Effective on March 19, 2020)

Chapter 12

Soybean Oil Futures

~~12108. STORAGE CHARGES~~

~~(EFFECTIVE THROUGH MARCH 18, 2020)~~

~~No Soybean Oil Warehouse Receipts shall be valid for delivery on futures contracts unless the storage charges shall have been paid up to and including the 18th day of the preceding month and such payment endorsed on the Soybean Oil Warehouse Receipt unless registration is at a later date. Unpaid accumulated storage charges at the posted tariff applicable to the warehouse where the soybean oil is stored shall be allowed and credited to the buyer by the seller up to and including date of delivery.~~

~~The storage rates on Crude Soybean Oil shall not exceed 3/10th of one cent per day per 100 pounds. When the Warehouseman schedules tank car loading, storage shall continue through the date of surrender of a properly cancelled warehouse receipt and shall begin again on the sixth day after surrender date if loading has not been completed and continue until the oil has been loaded. When the Warehouseman schedules truck loading, storage charges shall continue through the date of loading.~~

12108. STORAGE CHARGES

(EFFECTIVE MARCH 19, 2020 AND BEYOND)

No Soybean Oil Warehouse Receipts shall be valid for delivery on futures contracts unless the storage charges shall have been paid up to and including the 18th day of the preceding month and such payment endorsed on the Soybean Oil Warehouse Receipt unless registration is at a later date. Unpaid accumulated storage charges at the posted tariff applicable to the warehouse where the soybean oil is stored shall be allowed and credited to the buyer by the seller up to and including date of delivery.

The storage rates on Crude Soybean Oil shall not exceed 5/10th of one cent per day per 100 pounds. When the Warehouseman schedules tank car loading, storage shall continue through the date of surrender of a properly cancelled warehouse receipt and shall begin again on the sixth day after surrender date if loading has not been completed and continue until the oil has been loaded. When the Warehouseman schedules truck loading, storage charges shall continue through the date of loading.

Chapter 13
Soybean Meal Futures

~~13108. PREMIUM CHARGES~~

~~(EFFECTIVE THROUGH MARCH 18, 2020)~~

~~No Soybean Meal Shipping Certificates shall be valid for delivery on futures contracts unless the premium charges shall have been paid up to and including the 18th day of the preceding month and such payment endorsed on the Soybean Meal Shipping Certificate unless registration is at a later date. Unpaid accumulated premium charges shall be allowed and credited to the Buyer by the Seller to and including the date of delivery.~~

~~The premium charges on Soybean Meal for delivery shall not exceed 7 cents per ton per day.~~

13108. PREMIUM CHARGES

~~(EFFECTIVE MARCH 19, 2020 AND BEYOND)~~

No Soybean Meal Shipping Certificates shall be valid for delivery on futures contracts unless the premium charges shall have been paid up to and including the 18th day of the preceding month and such payment endorsed on the Soybean Meal Shipping Certificate unless registration is at a later date. Unpaid accumulated premium charges shall be allowed and credited to the Buyer by the Seller to and including the date of delivery.

The premium charges on Soybean Meal for delivery shall not exceed 12 cents per ton per day.