



Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

June 26, 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: Regulation 40.2 (a) Certification: Listing of MGEX-KCBT
Wheat Intercommodity Spread Options
KCBT Submission No. 13-247**

Dear Ms. Jurgens:

The Board of Trade of Kansas City, Missouri, Inc. ("KCBT" or the "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying the listing of MGEX-KCBT Wheat Intercommodity Spread Options, which are options on the spread between Minneapolis Grain Exchange ("MGEX") Wheat Futures and KCBT Wheat Futures, for trading on CME Globex and the CBOT trading floor beginning at 7:00 p.m. CT on Sunday, June 30, 2013 for trade date Monday, July 1, 2013.

In addition, the Exchange will allow Exchange for Related Position (EFRP) transactions to be submitted through CME ClearPort. EFRP transactions in this option contract will be governed by the provisions of Exchange Rule 538.

This product was jointly developed with MGEX, but will trade as a KCBT product on CME Globex and the CBOT trading floor.

SPECIFICATIONS:

Contract Size: One MGEX-KCBT wheat spread option reflects one MGEX wheat futures contract of a specified month, and one KCBT wheat futures contract of a specified month.

Tick Size: 1/8 of one cent per bushel (\$6.25 per contract).

Price Basis: The specified MGEX wheat futures price in cents per bushel minus the specified KCBT wheat futures price in cents per bushel.

Strike Price Interval: 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 MGEX-KCBT futures spread price, plus the next ten consecutive higher and the next ten consecutive lower strike prices.

Contract Months:

Option Month	MGEX Leg	KCBT Leg	Expires
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July	July	July	June
September	September	July	June
December	December	December	November

Daily Price Limit: The sum of the trading limits for MGEX wheat futures and KCBT wheat futures. There shall be no price limits on the last trading day.

Last Trading Day: The last Friday which precedes, by at least two business days, the last business day of the month preceding the earliest expiring leg in the spread underlying the MGEX-KCBT Wheat Intercommodity Spread Option.

Exercise: Financial Settlement

Ticker Symbols CME Globex: MKW

Open Outcry and Clearing: XMK

TRADING HOURS (Chicago time):

Open Outcry (CBOT trading floor): 8:30 a.m. – 1:15 p.m., Monday – Friday

CME Globex (electronic platform): 7:00 p.m. – 7:45 a.m., Sunday to Friday, and 8:30 a.m. – 1:15 p.m., with a pause in electronic trading from 7:45 a.m. to 8:30 a.m.

CME ClearPort: Sunday – Friday 5:00 p.m. – 4:15 p.m. CT with a 45-minute pause each day beginning at 4:15 p.m.

TRADING AND CLEARING FEES:

KCBT Fee Template

KCBT Account Type	Platform	Exchange Fee
Permit Holder-individual	Open Auction	\$0.00
	Electronic	\$0.30
Permit Holder-firm	Open Auction	\$0.00
	Electronic	\$1.00
Non-Permit Holder	Open Auction	\$1.10
	Electronic	\$3.40

KCBT Account Type	Platform	Clearing Fee
Permit Holder	Open Auction	\$0.00
	Electronic	\$0.00
Non-Permit Holder	Open Auction	\$0.20
	Electronic	\$0.20

Surcharges	Trade Types	Open Auction
Exchange For Risk	All Trades	\$0.50

CBOT Fee Template

Level	CBOT Account Owner ²	Execution Type	Platform	Exchange Fee
Individual Member				
1	Individual Members	Member Trading Own Account	Open Auction	\$0.00 ¹
			Electronic	\$0.28
	Individual Delegates	Delegate Trading Own Account	Open Auction	\$0.00 ¹
			Electronic	\$0.58
Equity Members (Individual Equity members, Clearing Firms and Equity Firms)				
2	Equity Members ¹	Member or Delegate	Open Auction	\$0.00 ¹
			Electronic	\$0.28
	(Exception) Rule 106.S. Family of Funds Equity Member Firms	Member, Delegate or Non Member	Open Auction	\$0.00 ¹
			Electronic	\$0.90

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	CBOT Account Owner ²	Platform	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	Open Auction	\$0.00 ¹
		Electronic	\$1.50
	Individual Delegates (Other Member or Delegate executing the trade) & Rule 106.I. Affiliate Trading Member Firms	Open Auction	\$0.00 ¹
		Electronic	\$1.80
	Rule 106.S. Family of Funds Equity Member Firms	Open Auction	\$0.00 ¹
		Electronic	\$1.50
Electronic Corporate Member Firms			
4	Electronic Corporate Members	Electronic	\$1.80

1– Exchange Fee waiver for CBOT for the MGEX-KCBT Spread Options from July 1, 2013– November 30, 2013.

2– Product--Seat Division Eligibility

MGEX-KCBT Spread Options – Account Owners must hold or lease a CBOT FULL, AM or COM seat to be eligible for these reduced rates.

CME Fee Template

Level	CME Account Owners ²	Execution Type	Platform	Exchange Fee
Equity Members (Member Firms and Individuals)				
1	Individual Members	Member Trading Own Account	Open Auction	\$0.00 ¹
			Electronic	\$0.28
	Individual Delegates (Rule 106.D Lessees / Rule 106.F Employees)	Delegate Trading Own Account	Open Auction	\$0.00 ¹
			Electronic	\$0.58
2	Clearing Member Firms,/ Rule 106.J Equity Member Firms/Rule 106.I Members/106.S Family of Hedge Funds	Member or Delegate	Open Auction	\$0.00 ¹
			Electronic	\$0.28
		Non Member	Electronic	\$0.90
			Member, Delegate or Non Member	Open Auction
Electronic	\$0.90			

1 – Exchange Fee waiver for CME members for the MGEX-KCBT Spread Options from July 1, 2013 – November 30, 2013.

2 – Product–Seat Division Eligibility: MGEX-KCBT Spread Options – Account Owners must hold or lease a CME, IMM, or IOM seat to be eligible for these reduced rates.

CME & CBOT Member Firms and Individuals –

Clearing, Ex-Pit Surcharge and Non Trade Processing Fees

Other CBOT Processing Fees	Rate
Clearing Fee	\$0.06 ¹
Position Adjustment/Position Transfers	\$0.00
Ex-Pit Surcharge (EFP)	\$0.00
Ex-Pit Surcharge (EFR)	\$0.50
Ex-Pit Surcharge (Block)	\$0.00
Exchange Fees for Non Trades	\$0.05 Member, \$0.20 Delegate, \$0.50 Non-Member
Exchange Fees for Expired Options	\$0.05
Facilitation Desk	\$0.00
Brokerage Fees	\$0.00 ²

1. Clearing Fee included Pit Trades, Pit Spreads, Pit Give Ups, Electronic Trades, Electronic Spreads, Electronic Give Ups Exercise, Assignment and Delivery transaction types. **Pit Trades, Pit Spreads and Pit Give Ups will be waived from July 1, 2013 to November 30, 2013.**

2. Brokerage Fees to be waived at this time for CBOT and CME Members.

A copy of the Rule Chapter for the MGEX-KCBT Intercommodity Spread Options is attached as Appendix A. In addition, the Exchange is self-certifying the insertion of a non-reviewable range (“NRR”) for this contract into Rule 588.H, as set forth in Appendix B. An analysis of the product’s underlying cash market and deliverable supply is attached as Appendix C.

Exchange business staff responsible for this product and the Exchange legal department collectively reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA"). During that review, Exchange staff identified that the listing of this contract may have some bearing on the following Core Principles:

- Compliance with rules: Trading in this contract will be subject to the disciplinary rules in KCBT Rulebook Chapter 14. Additionally, trading in these contracts will also be subject to the full range of KCBT trade practice rules. As with all products listed for trading on one of CME Group's designated contract markets, activity in the new products will be subject to extensive 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; however, MGEX market regulations staff will be responsible for aggregation and monitoring of MGEX position limits.
- Contracts not readily subject to manipulation: This contract will be cash settled to the price difference between the liquid MGEX Wheat futures contract and the liquid KCBT Wheat futures, which provides diverse participation and sufficient transactions to support the settlement.
- Prevention of market disruption: Trading in this contract will be subject to KCBT Rulebook Chapter 11, which includes prohibitions on manipulation, price distortion and disruptions of the delivery or cash-settlement process. As with all products listed for trading on one of CME Group's designated contract markets, activity in the new products will be subject to extensive monitoring and surveillance by CME Group's Market Regulation Department.
- Position limitations or accountability: The contract specifications establish speculative position limits at the same level as specified for the underlying futures contracts. Positions in this new product will be aggregated with positions in existing standard and serial options contracts and the underlying KCBT Wheat futures contracts to ensure compliance with CFTC and/or Exchange speculative limits.
- Availability of general information: The Exchange will publish information on this contract's terms and conditions, trading rules and specifications on its website.
- Daily publication of trading information: Trading volume, open interest and price information for this contract will be published daily on the CME Group website.
- Execution of transactions: This product will be available for trading on the CBOT trading floor and CME Globex. This product is also available for EFRP on CME ClearPort so any similar OTC products can be exchanged for Exchange positions. The CBOT trading floor is available as a venue to provide for competitive and open execution of transactions. The CME Globex electronic trading platform provides for a competitive and open execution of transactions due to its advanced functionality, high reliability and global connectivity. CME ClearPort provides a competitive, open and efficient mechanism for novating transactions that are competitively executed by brokers.

- Trade Information – Trading information in this contract will be recorded and stored in such a manner as to allow for the information to be available for the purposes of preventing trading abuses and serving as evidentiary material in rule enforcement.
- Financial Integrity of Contracts – All contracts traded on the Exchange will be cleared by the CME Clearing House, which is a registered derivatives clearing organization with the Commission and is subject to all Commission regulations related thereto.
- Protection of Market Participants – The KCBT rulebook contains multiple prohibitions precluding intermediaries from disadvantaging their customers. These rules apply to trading on all of the Exchange's competitive trading venues and will be applicable to transactions in this product.
- Disciplinary Procedures – Chapter 14 of the KCBT Rulebook contains provisions that allow the Exchange to discipline, suspend or expel members or market participants that violate the rules. Trading in this contract will be subject to Chapter 14, and the Market Regulation Department has the authority to exercise its enforcement power in the event rule violations in this product are identified.
- Dispute Resolution – Disputes with respect to trading in this contract will be subject to the arbitration provisions set forth in Chapter 15 of the KCBT Rulebook.

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.kcbt.com/KCBT_pending_certif.html.

If you require any additional information regarding this submission, please contact me at 212-299-2200 or Christopher.Bowen@cmegroup.com, or John McKinlay at 312-930-3028 or John.McKinlay@cmegroup.com and reference KCBT Submission No. 13-247 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Appendix A: KCBT Rule Chapter 24
Appendix B: Rule 588.H - Globex Non-Reviewable Trading Ranges
Appendix C: Underlying Cash Market and Deliverable Supply Analysis

Appendix A

Chapter 24 MGEX-KCBT Wheat Intercommodity Spread Options

2400.00 SCOPE OF CHAPTER

This chapter is limited in application to put and call options on MGEX-KCBT Wheat Intercommodity spreads. In addition to the rules of this chapter, transactions in MGEX-KCBT wheat spread options shall be subject to the general rules of the Exchange insofar as applicable.

2401.00 OPTIONS CHARACTERISTICS

2401.01 Contract Months

Trading in MGEX-KCBT Wheat Intercommodity spread options may be scheduled in such months as determined by the Exchange.

2401.02 Trading Unit

One MGEX-KCBT Wheat Intercommodity spread option reflects one (1) MGEX Wheat futures contract of a specified contract month on the Minneapolis Grain Exchange, Inc, and one (1) opposing KCBT Wheat futures contract of a specified contract month on the Board of Trade of Kansas City, Missouri, Inc.

The MGEX-KCBT Wheat Intercommodity spread is calculated in cents/bushel as:
MGEX Wheat futures price in cents/bu – KCBT Wheat futures price in cents/bu.

2401.03 Minimum Fluctuations

The premium for MGEX-KCBT 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 MGEX-KCBT Wheat Intercommodity spread options at premiums ranging from \$1.00 to \$6.00, in \$1.00 increments per option contract.

2401.04 Trading Hours

The hours for trading of MGEX-KCBT Wheat Intercommodity spread options contracts shall be determined by the Exchange. MGEX-KCBT Wheat Intercommodity spread options shall be opened and closed for all months and strike prices simultaneously.

2401.05 Exercise Prices

Trading shall be conducted for put and call options with strike prices in integral multiples of five cents per bushel per MGEX-KCBT Wheat Intercommodity spread option. At the commencement of trading for such option contracts, the following strike prices shall be listed: one with a strike price closest to the difference between the previous day's corresponding MGEX-KCBT Wheat settlement prices (the at-the-money strike); the next ten consecutive higher and the next ten consecutive lower strike prices from the at-the-money strike. If the difference between the previous day's settlement prices is midway between two strike prices, the closest price shall be the larger of the two. New strike prices will be added through time to assure ten strikes above and below the at-the-money strike. 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.

2401.06 Position Limits, Exemptions, Position Accountability and Reportable Levels

MGEX-KCBT Wheat Intercommodity Spread Options shall be subject to the same position limits prescribed for wheat futures contracts as set forth in Rule 2008.00, except that spot month limits are not applicable since MGEX-KCBT Wheat Intercommodity Spread Options expire prior to their corresponding futures contract delivery month.

2401.07 Termination of Trading

Subject to the provisions of rule 2401.04 no trades in MGEX-KCBT Wheat Intercommodity spread options expiring in the current month shall be made after the close of trading of the open outcry trading session on the last Friday which precedes by at least two business days, the last business day of the month preceding the earliest expiring leg in the spread underlying the MGEX-KCBT Wheat Intercommodity spread option. 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 MGEX-KCBT Wheat Intercommodity spread option (July MGEX Wheat minus July KCBT Wheat) will expire on the last Friday which precedes by at least two business days the last business day of June; the September MGEX-KCBT Intercommodity spread option (September MGEX Wheat minus July KCBT Wheat) will expire on the last Friday which precedes by at least two business days the last business day of June; the December-December MGEX-KCBT Wheat Intercommodity spread option (December MGEX Wheat minus December KCBT Wheat) will expire on the last Friday which precedes by at least two business days the last business day of November.

2401.08 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.

2402.00 EXERCISE

MGEX-KCBT Wheat Intercommodity spread options will be cash settled on expiration day.

MGEX-KCBT Wheat Intercommodity spread options cannot be exercised at any time during the life of the option.

2403.00. OPTION PREMIUM FLUCTUATION LIMITS

Trading is prohibited during any day except for the last day of trading in a MGEX-KCBT Wheat Intercommodity spread option at a premium of more than the sum of the trading limits for the KCBT Wheat futures contract and the MGEX Wheat futures contract, above and below the previous day's settlement premium for that option as determined by the Clearing House.

2404.00 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 is purchased.

Appendix B

Rule 588.H Globex Non-Reviewable Trading Ranges

[Pending Commission review, a Globex Non-Reviewable Trading Ranges Table is to be included at Rule 588.H as of July 1, 2013, per KCBT Submission No. 13-229R]

(proposed additions to the table are underlined)

588.H. Globex Non-Reviewable Trading Ranges

KCBT Product	Bid/Ask Reasonability	NRR
<u>MGEX-KCBT Wheat Spread Options</u>	<u>The greater of the delta times the underlying futures non-reviewable range or 20% of the fair value premium up to the underlying futures non-reviewable range with a minimum reasonability of \$.01</u>	<u>20% of premium up to ¼ of the underlying futures non-reviewable range with a minimum of 1 tick.</u>

Appendix C

Cash Market and Deliverable Supply Analysis

MGEX-KCBT Wheat Intercommodity Spread Options are a financially settled options product on the spread between MGEX Wheat futures and KCBT Wheat futures. Wheat deliverable on MGEX Wheat futures is hard red spring (HRS) while hard red winter (HRW) wheat is the deliverable grade on KCBT Wheat futures. The protein content of MGEX Wheat is slightly higher than KCBT Wheat and typically trades at a premium compared to KCBT Wheat. The MGEX – KCBT spread is a popular spread used to hedge price risk and help determine premiums for higher quality hard red spring wheat versus hard red winter wheat.

The option will be a cash-settled European exercise option and will have strike values based on the price differential of MGEX minus KCBT. Option expiration will occur on the same day and at the same time as standard and serial options. Setting expiration consistent with standard and serial options results in added liquidity in the underlying markets and also assures expiration prior to the underlying futures contracts going into delivery. The following expirations will be available:

<u>Option Month</u>	<u>MGEX Leg</u>	<u>KCBT Leg</u>	<u>Expires</u>
<i>July</i>	<i>July</i>	<i>July</i>	<i>June</i>
<i>September</i>	<i>September</i>	<i>July</i>	<i>June</i>
<i>December</i>	<i>December</i>	<i>December</i>	<i>November</i>

Initially, options on the December 2013, July 2014 and the September 2014 spreads will be listed. The underlying futures legs are among the most heavily traded contract months on both KCBT and MGEX.

The inter-market spread that underlies the option is available and trades on CME Globex with implied functionality enabled. In all ways the MGEX-KCBT Wheat Intercommodity Spread Options will be consistent with the already existing option on the MGEX-CBOT Wheat Intercommodity Spread, which was listed in April 2012. The additional combinations of KCBT-CBOT and MGEX-KCBT spread options will complete a suite of intercommodity wheat spread options that will bring value to all wheat market participants who trade different wheat varieties.

MGEX Wheat Deliverable Supply

All wheat 2012/13 U.S. production was 2.27 billion bushels with hard red spring (HRS) wheat, the deliverable class on MGEX Wheat futures, representing 700 million bushels or just over 30 percent of total U.S. wheat production. HRS is high-protein wheat that is primarily milled into flour used in pasta and artisan bread production. The USDA estimated 2012/13 U.S. HRS wheat crop of 700 billion bushels represents a 13 percent increase from the drought ravished 2011/12 HRW crop.

Delivery Capacity:

The following switching limits are defined for delivery in MGEX Wheat futures:

- 1.) Duluth/Superior Switching District,
- 2.) Minneapolis/St. Paul/Red Wing Switching District

Below are the facilities regular for delivery on Wheat futures as of May 2013 along with their storage capacity in bushels and maximum number of warehouse receipts they may issue, with each warehouse receipt equivalent to 5,000 bushels:

Minneapolis/St. Paul/Red Wing

ADM Grain, 2,187,000 (437 receipts)

Cargill, Inc. Elevator "C" Savage, 11,083,000 (2,216 receipts)
 Cargill, Inc. Savage, 5,432,000 (1,086 receipts)
 CHS, Inc., 641,000 (128 receipts)
 General Mills, Fridley 4,955,000 (991 receipts)
 General Mills, Washburn B 2,400,000 (480 receipts)
 General Mills, Washburn D 4,055,000 (811 receipts)
 General Mills, Washburn E 3,553,000 (710 Receipts)
 Riverland Ag Corp, Calument 1,323,000 (244 Receipts)
 Riverland Ag Corp, Electric Steel 4,579,000 (915 Receipts)
 Riverland Ag Corp, Malt-One 4,608,000 (921 Receipts)
 Riverland Ag Corp, Riverport Savage 9,276,000 (1,855 Receipts)
 Riverland Ag Corp, Shakopee 3,370,000 (674 Receipts)
Storage Capacity – Minneapolis 57,462,000 (11,488 receipts)

Duluth/Superior Switching District

CHS Inc., Superior 18,837,000 (3,707 Receipts)
 Gavilon Grain LLC, 8,709,000 (1,741 Receipts)
 General Mills, Elevator "A" 3,796,000 (759 Receipts)
 General Mills, Elevator "B" 13,573,000 (2,714 Receipts)
 Riverland Ag Corp, Duluth Lake Port 4,172,000 (834 Receipts)
 Riverland Ag Corp, Duluth Storage 12,158,000 (2,431 Receipts)
Storage Capacity – Duluth/Superior 61,245,000 (12,186 receipts)

As of May 2013, firms regular for delivery on MGEX Wheat futures had regular storage capacity of over 118 million bushels and the ability to issue up to 23,674 warehouse receipts.

Deliverable Supply Estimate:

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.

Futures Contract Expiration	Stocks of Wheat in Regular Facilities on the Friday prior to FND (1M Bushels)
Mar-10	23.91
Mar-11	24.41
Mar-12	12.60
MAR AVG	20.97
May-10	24.75

May-11	18.46
May-12	12.05
MAY AVG	18.42
Jul-10	24.06
Jul-11	11.31
Jul-12	8.54
JUL AVG	14.64
Sep-10	23.35
Sep-11	9.81
Sep-12	18.36
SEP AVG	17.17
Dec-10	25.42
Dec-11	13.33
Dec-12	19.40
DEC AVG	19.38
AVG ALL DELV MONTHS	18.12

As the table above shows, estimated deliverable supply for all delivery months over the past three calendar years has been 18.12 million bushels or 3,624 contract equivalents. The delivery month with the largest estimated deliverable supply is the March expiration with average delivery stocks of 20.97 million bushels (4,194 contract equivalents) and the delivery month with the smallest estimated deliverable supply is the July expiration with average delivery stocks of 14.64 million bushels (2,928 contract equivalents).

KCBT Wheat Deliverable Supply

All wheat 2012/13 U.S. production was 2.27 billion bushels with hard red winter (HRW) wheat, the deliverable class on KCBT Wheat futures, representing just over 1 billion bushels or just over 44 percent of total U.S. wheat production. HRW is high-protein wheat that is primarily milled into flour used in bread production. The USDA estimated 2012/13 U.S. HRW wheat crop of just over 1 billion bushels represents a 29 percent increase from the drought ravished 2011/12 HRW crop.

Delivery Capacity:

The following switching limits are defined for delivery in KCBT Wheat futures:

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

Below are the facilities regular for delivery on Wheat futures as of January 2013 along with their storage capacity in bushels and maximum number of warehouse receipts they may issue, with each warehouse receipt equivalent to 5,000 bushels:

KANSAS CITY

ADM Grain Company Milwaukee (KCS) 1,304,000 (260 receipts)
ADM Grain Company Wolcott (UP) 2,526,000 (505 receipts)
Bartlett Grain Company, LP River Rail (UP) 10,291,000 (2,058 receipts)
Bartlett Grain Company, LP KCT #1 (BNSF) 4,307,000 (861 receipts)
Bartlett Grain Company, LP Fairfax (UP) 10,039,000 (2,007 receipts)
Cargill, Inc. Chouteau (BNSF) 927,000 (185 receipts)
Cargill, Inc. Katy (UP) 4,332,000 (864 receipts)

Storage Capacity - Kansas City 33,726,000 (6,740 receipts)

HUTCHINSON

ADM Grain Company Elevator A (UP) 4,071,000 (814 receipts)
ADM Grain Company Elevator B (BNSF & UP) 1,869,000 (373 receipts)
ADM Grain Company Elevator I (BNSF) 6,836,000 (1,367 receipts)
ADM Grain Company Elevator J (BNSF & UP) 18,307,000 (3,661 receipts)
Cargill, Inc. Hutchinson (BNSF & UP) 4,394,000 (878 receipts)
Cargill, Inc. Hutchinson W (UP) 4,448,000 (889 receipts)

Storage Capacity - Hutchinson 39,925,000 (7,982 receipts)

SALINA/ABILENE

ADM Grain Company Salina A (UP) 4,197,000 (839 receipts)
Cargill, Inc. Salina (K&O) 31,669,000 (6,333 receipts)
Gavilon Grain, LLC Abilene (BNSF & UP) 1,392,000 (278 receipts)
The Scouler Company Salina (UP) 11,077,000 (2,215 receipts)

Storage Capacity - Salina/Abilene 48,335,000 (9,665 receipts)

WICHITA

Bartlett Grain Company, LP Wichita (BNSF) 12,080,000 (2,416 receipts)
Gavilon Grain, LLC Wichita (K&O) 30,542,000 (6,108 receipts)
Horizon Milling, LLC Wichita (BNSF & UP) 5,682,000 (1,136 receipts)

Storage Capacity - Wichita 48,304,000 (9,660 receipts)

As of January 2013, firms regular for delivery on KCBT Wheat futures had regular storage capacity of over 170 million bushels and the ability to issue up to 34,047 shipping certificates.

Deliverable Supply Estimate:

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.

Futures Contract Expiration	Stocks of Wheat in Regular Facilities on the Friday prior to FND (1M Bushels)
Mar-10	66.99
Mar-11	82.98
Mar-12	60.29
MAR AVG	70.09
May-10	59.13
May-11	77.22
May-12	49.93
MAY AVG	62.09
Jul-10	84.72
Jul-11	85.54
Jul-12	85.03
JUL AVG	85.10
Sep-10	106.44
Sep-11	96.80
Sep-12	100.32
SEP AVG	101.19
Dec-10	92.88
Dec-11	81.63
Dec-12	95.75
DEC AVG	90.09
AVG ALL DELV MONTHS	81.71

As the table above shows, estimated deliverable supply for all delivery months over the past three calendar years has been 81.71 million bushels or 16,342 contract equivalents. The delivery month with the largest estimated deliverable supply is the September expiration with average delivery stocks of 101.19 million bushels (20,238 contract equivalents) and the delivery month with the smallest estimated deliverable supply is the May expiration with average delivery stocks of 62.09 million bushels (12,418 contract equivalents).

Twenty-five percent of the average estimated deliverable supply (16,342 contracts) is 4,086 contracts and 25 percent of the smallest estimated monthly deliverable supply (12,418 contracts) is 3,105 contracts.

MGEX – KCBT Wheat Intercommodity Spread Options expire prior to the underlying futures contracts becoming spot-month contracts. Just like standard and serial KCBT Wheat options, positions in this option will be aggregated into KCBT Wheat futures for compliance with single- and all-month speculative position limits.