

May 23, 2014

**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: CFTC Regulation 40.6(a)/CFTC Regulation 40.4(b)(5) Non-Material Agricultural Rule Change: Amendments to Options on Intercommodity Wheat Futures Spreads. CBOT Submission No. 14-201R**

Dear Ms. Jurgens:

The Board of Trade of the City of Chicago, Inc. (“CBOT” or “Exchange”) is self-certifying non-material amendments to three (3) CBOT intercommodity wheat futures spread options. In addition to typographical corrections and edits to update contract names, the Exchange is making very limited and minor (non-material) contract term amendments to harmonize the language used across the similar options on futures spreads. More specifically, these amendments clarify and harmonize language describing the calculation of the value of the contracts under the “Trading Unit” and “Exercise Price” rule provisions of each option. In addition to being very limited and minor, these clarifying and harmonizing changes are non-material because no reasonable trader with open interest could view them as affecting the economic value or characteristics of the contracts in any manner. The full terms and conditions for the options, including the proposed amendments, are included in Exhibit A.

Please note, CBOT Submission No. 14-201R simply elaborates on the nature of the changes as they relate to settlements and further describes why the Exchange considers the amendments non-material.

The options were certified with the Commodity Futures Trading Commission (“CFTC” or “Commission”) and initially listed for trading on July 1, 2013. CFTC Regulation 40.4(a) requires that terms and conditions amendments to “a contract for future delivery in an agricultural commodity enumerated in Section 1a(9) of the Act, or of an option on such a contract” be approved by the Commission if material and if the contract has open interest. Only one of the options contracts, namely the option on the spread between KCBT-CBOT wheat futures (CBOT Rulebook Chapter 14F), currently has minimal open interest (20 lots in out of the money July 2014 calls). Since the KCBT-CBOT intercommodity spread option is based on wheat futures, which is a commodity enumerated in Section 1a(9) of the Commodity Exchange Act (“Act”), and because the amendments are non-material, the Exchange is submitting the amendments to this option under CFTC Regulation 40.4(b)(5) (“Non-Material Agricultural Rule Change”).

The amendments will become effective on June 10, 2014 and are being adopted in accordance with designated contract market (“DCM”) Core Principle 7 (“Availability of General Information”) under the Act,

which requires DCMs to make available to the public accurate information concerning the contract market's rules, contracts, and operations.

The revisions to the three (3) options on wheat futures spreads, including their full terms and conditions, appear in Exhibit A, with additions underscored and deletions ~~overstruck~~.

Exchange business staff responsible for the products and the Legal Department collectively reviewed the DCM Core Principles as set forth in the Act. During the review, staff identified that the revisions to the CBOT product chapters may have some bearing on the following Core Principle:

Availability of General Information: CBOT will advise the marketplace of the changes via the issuance of a Special Executive Report.

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 have any questions regarding this submission, please contact me at 212-299-2200 or via e-mail at [Christopher.Bowen@cmegroup.com](mailto:Christopher.Bowen@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A – CBOT Rulebook Amendments (blackline revisions)

## EXHIBIT A

### Chapter 14E

#### MGEX-CBOT Wheat Intercommodity Spread Options ~~(Terms and Conditions)~~

##### 14E00. SCOPE OF CHAPTER

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

##### 14E01. OPTIONS CHARACTERISTICS

###### 14E01.A. Contract Months

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

###### 14E01.B. ~~Trading~~ Trading Unit

One MGEX-CBOT Wheat Intercommodity spread option reflects the difference between the settlement price of one (1) MGEX Wheat futures contract of a specified contract month on the Minneapolis Grain Exchange, Inc, and one (1) ~~opposing~~ CBOT Wheat futures contract of a specified contract month on the Board of Trade of the City of Chicago, Inc.

The MGEX-CBOT Wheat Intercommodity spread is calculated in cents/bushel as:

MGEX Wheat futures price in cents/bu – CBOT Wheat futures price in cents/bu.

###### 14E01.C. Minimum Fluctuations

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

###### 14E01.D. Trading Hours

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

###### 14E01.E. Exercise Prices

Trading shall be conducted for put and call options with strike prices in integral multiples of five cents per bushel per MGEX-CBOT 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 specified MGEX-CBOT Wheat ~~Intercommodity spread~~ 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~~closest to the previous day's MGEX-CBOT Wheat Intercommodity spread settlement price. 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.

#### **14E01.F. 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.

#### **14E01.G. Reserved**

#### **14E01.H. Reserved**

#### **14E01.I. Termination of Trading**

Subject to the provisions of rule ~~14E~~<sup>Ex</sup>01.D no trades in MGEX-CBOT 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 day identical to the expiration of standard CBOT Wheat options and standard MGEX wheat options. Therefore, expiration will occur on the last Friday which precedes by at least two business days, the last business day of the month preceding the option month. 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-CBOT Wheat Intercommodity spread option (July MGEX wheat minus July CBOT 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-CBOT Wheat Intercommodity spread option (December MGEX wheat minus December CBOT wheat) will expire on the last Friday which precedes by at least two business days the last business day of November.

#### **14E01.J. 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.

**14E02. EXERCISE**

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

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

**14E03. [RESERVED]**

**14E04. RESERVED**

**14E05. OPTION PREMIUM FLUCTUATION LIMITS**

There are no option premium limits during any day for MGEX-CBOT Wheat Intercommodity Spread options.

**14E06. 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.

## Chapter 14F

### KC HRWBT-CBOT Wheat Intercommodity Spread Options

#### 14F100. SCOPE OF CHAPTER

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

#### 14F101. OPTIONS CHARACTERISTICS

##### 14F101.A. Contract Months

Trading in KC HRWBT-CBOT Wheat Intercommodity spread options may be scheduled in such months as determined by the Exchange.

##### 14F101.B. Trading Unit

One KC HRWBT-CBOT Wheat Intercommodity spread option reflects the difference between the settlement price of one (1) KC HRWBT Wheat futures contract of a specified contract month on the Board of Trade of Kansas City, Missouri, Inc., and one (1) ~~opposing~~-CBOT Wheat futures contract of a specified contract month on the Board of Trade of the City of Chicago, Inc.

The KC HRWBT-CBOT Wheat Intercommodity spread is calculated in cents/bushel as:

KC HRWBT Wheat futures price in cents/bu – CBOT Wheat futures price in cents/bu.

##### 14F101.C. Minimum Fluctuations

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

##### 14F101.D. Trading Hours

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

##### 14F101.E. Exercise Prices

Trading shall be conducted for put and call options with strike prices in integral multiples of five cents per bushel per KC HRWBT-CBOT 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 ~~specified corresponding~~ KC HRWBT-CBOT 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.

#### **14F101.F. 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.

#### **14F101.G. Reserved**

#### **14F101.H. Reserved**

#### **14F101.I. Termination of Trading**

Subject to the provisions of rule 14F101.D no trades in KC ~~HRWBT~~-CBOT 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 day identical to the expiration of standard CBOT Wheat options and standard KC ~~HRWBT~~ wheat options. Therefore, expiration will occur on the last Friday which precedes by at least two business days, the last business day of the month preceding the option month. 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 KC ~~HRWBT~~-CBOT Wheat Intercommodity spread option (July KC ~~HRWBT~~ wheat minus July CBOT wheat) will expire on the last Friday which precedes by at least two business days the last business day of June; the December-December KC ~~HRWBT~~-CBOT Wheat Intercommodity spread option (December KC ~~HRWBT~~ wheat minus December CBOT wheat) will expire on the last Friday which precedes by at least two business days the last business day of November.

#### **14F101.J. 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.

#### **14F102. EXERCISE**

KC [HRWBT](#)-CBOT Wheat Intercommodity spread options will be cash settled on expiration day.

KC [HRWBT](#)-CBOT Wheat Intercommodity spread options cannot be exercised at any time during the life of the option.

#### **14F103. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES**

(Refer to Rule 701.).

#### **14F104. RESERVED**

#### **14F105. OPTION PREMIUM FLUCTUATION LIMITS**

There are no option premium limits during any day for KC [HRWBT](#)-CBOT Wheat Intercommodity Spread options.

#### **14F106. 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.



## Chapter 14K

### MGEX-KC HRW Wheat Intercommodity Spread Options

#### 14K00. SCOPE OF CHAPTER

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

#### 14K01. OPTIONS CHARACTERISTICS

##### 14K01.A. Contract Months

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

##### 14K01.B. Trading Unit

One MGEX-KC HRW Wheat Intercommodity spread option reflects the difference between the settlement price of one (1) MGEX Wheat futures contract of a specified contract month on the Minneapolis Grain Exchange, Inc, and one (1) ~~opposing~~ KC HRW Wheat futures contract of a specified contract month on the Board of Trade of ~~the City of Chicago~~ Kansas City, Missouri, Inc.

The MGEX-KC HRW Wheat Intercommodity spread is calculated in cents/bushel as:

MGEX Wheat futures price in cents/bu – KC HRW Wheat futures price in cents/bu.

##### 14K01.C. Minimum Fluctuations

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

##### 14K01.D. Trading Hours

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

##### 14K01.E. Exercise Prices

Trading shall be conducted for put and call options with strike prices in integral multiples of five cents per bushel per MGEX-KC HRW 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 ~~specified corresponding~~ MGEX-KC HRW 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.

#### **14K01.F. 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.

#### **14K01.G. Reserved**

#### **14K01.H. Reserved**

#### **14K01.I. Termination of Trading**

Subject to the provisions of rule 14K01.D no trades in MGEX-KC HRW 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-KC HRW 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-KC HRW Wheat Intercommodity spread option (July MGEX Wheat minus July KC HRW Wheat) will expire on the last Friday which precedes by at least two business days the last business day of June; the September MGEX-KC HRW Intercommodity spread option (September MGEX Wheat minus July KC HRW 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-KC HRW Wheat Intercommodity spread option (December MGEX Wheat minus December KC HRW Wheat) will expire on the last Friday which precedes by at least two business days the last business day of November.

#### **14K01.J. 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.

**14K02. EXERCISE**

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

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

**14K03. [RESERVED]**

**14K04. [RESERVED]**

**14K05. OPTION PREMIUM FLUCTUATION LIMITS**

There are no option premium limits during any day for MGEX-KC HRW Wheat Intercommodity Spread options.

**14K06. 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.