



## Special Executive Report

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**DATE:** July 14, 2022  
**SER#:** 9015  
**SUBJECT:** Amendments to the Daily Price Limit Rules of the Wheat, Mini-Sized Wheat, KC HRW Wheat, and Mini-Sized KC HRW Wheat Futures Contracts

Effective Sunday, August 28, 2022 for trade date Monday, August 29, 2022, and pending CFTC approval, The Board of Trade of the City of Chicago, Inc. (“CBOT” or “Exchange”) will amend Rule 1X104.D. (“Daily Price Limits”) of the Wheat, Mini-Sized Wheat, KC HRW Wheat, and Mini-Sized KC HRW Wheat Futures contracts (the “Contracts”) for all non-spot months.<sup>1</sup>

Contract Title	CME Globex Code	CME ClearPort Code	Rulebook Chapter
Wheat Futures	ZW	W	<a href="#">14</a>
Mini-Sized Wheat Futures	XW	YW	<a href="#">14B</a>
KC HRW Wheat Futures	KE	KW	<a href="#">14H</a>
Mini-Sized KC HRW Wheat Futures	MKC	MKC	<a href="#">14N</a>

In summary,

1. Currently, the Contracts are subject to two (2) levels of price limits – initial price limits and expanded price limits. The initial price limits trigger to expanded price limits on the next Business Day when two (2) of the first five (5) non-spot contract months or the last contract month in the crop year settles at the initial price limit. CBOT is amending Rule 1X104.D. so that expanded price limits are triggered when one contract within the first five (5) non-spot contract months settles at the initial price limit rather than two (2) contract months within the first five (5) non-spot contract months. The allowance for the last contract month in the crop year to trigger expanded limits shall remain unchanged as that is an example when one (1) contract month within the first five (5) non-spot contract months was already able to trigger expanded price limits.
2. Currently when expanded price limits are triggered in the Wheat Futures and KC HRW Wheat Futures contracts, at least one (1) contract month must settle at the expanded price limit for expanded price limits to remain in place on the next Business Day. CBOT is amending Rule 1X104D. so that at least one (1) contract month must settle at a price change equal to or greater than the initial price limit for expanded price limits to remain in effect on the next Business Day.

For example, if current initial price limits in Wheat and KC HRW Wheat Futures are \$0.70 per bushel and expanded price limits are \$1.05 per bushel, pursuant to current rules when the \$1.05 expanded price limit is effective, at least one (1) Wheat or KC HRW Wheat Futures contract month must settle at the \$1.05 expanded price limit for expanded limits to remain in place on the next Business Day. Pursuant to the rule amendments, at least one (1) Wheat or KC HRW Wheat Futures contract month shall be needed to settle at a price change of \$0.70 or more for expanded price limits to remain in place on the next Business Day.

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<sup>1</sup> There are no price limits on spot-month contracts. Contract expirations become the spot-month on the second Business Day preceding the first day of the delivery month, which is also first position day.

3. CBOT is also amending Rule 1X104.D. to provide a mechanism that allows the initial and expanded price limits of the Contracts to temporarily increase when there are settlements at the expanded price limit for two (2) consecutive Business Days. After two (2) consecutive Business Days of at least one (1) contract month settling at the expanded price limit, the initial price limit is updated to become the expanded price limit and the expanded price limit will be increased by 50 percent.

For example, if current initial price limits in Wheat and KC HRW Wheat Futures are \$.70 per bushel and expanded price limits are \$1.05 per bushel, pursuant to the rule amendments in point 1 above if at least one (1) Wheat or KC Wheat Futures contract month within the first five (5) non-spot contracts settles at the initial price limit of \$.70 per bushel on that Business Day, price limits expand to \$1.05 per bushel on the next Business Day. Should at least one (1) Wheat or KC Wheat Futures contract month settle at the expanded price limit on the next Business Day and should at least one (1) Wheat or KC Wheat Futures contract month settle at the expanded limit on the third Business Day, pursuant to the rule amendments in point 3 initial price limits are updated to \$1.05 per bushel and expanded price limits are updated to \$1.60 per bushel. On the fourth Business Day, Wheat and KC Wheat Futures non-spot contract months open at the new initial price limit of \$1.05 per bushel. Updated initial and expanded price limits will remain in effect until the next regularly scheduled price limit update.

The daily price limit for the Mini-Sized Wheat and Mini-Sized KC HRW Wheat Futures is set to the same value as the Wheat and KC HRW Wheat Futures each Business Day. While the Rule Amendments also pertain to the mini-sized contracts, there shall be no related amendments to those product rulebook chapters

Exhibit A below provides amendments to CBOT Chapter 14 (“Wheat Futures”) and CBOT Chapter 14H (“KC HRW Wheat Futures”) in blackline format and Exhibit B below provides a clean version.

Questions regarding the aforementioned may be directed to:

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**Exhibit A**  
**CBOT Rulebook**  
(additions underscoring; deletions ~~struck through~~)

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

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**14102. TRADING SPECIFICATIONS**

Trading in wheat futures is regularly conducted in five months – July, September, December, March and May. The number of months open for trading at a given time shall be determined by the Exchange.

**14102.A. Trading Schedule**

The hours for trading of wheat futures shall be determined by the Exchange.

On the last day of trading in an expiring future, the close of the expiring future shall begin at 12 o'clock noon and trading shall be permitted thereafter for a period not to exceed one minute. Quotations made during this one minute period shall constitute the close.

**14102.B. Trading Unit**

The unit of trading shall be 5,000 bushels of Wheat.

**14102.C. Price Increments**

The minimum fluctuation for wheat futures shall be ¼ cent per bushel (\$12.50 per contract), including spreads.

**14102.D. Daily Price Limits**

Wheat futures are subject to either initial or expanded daily price limits each trading day as described in this Rule.

Initial and expanded 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~~ The new expanded price limit shall be the new initial price limit multiplied by 1.5 and rounded up to the nearest 5 cents per bushel. The new initial and expanded price limits 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~~ The new expanded price limit shall be the new initial price limit multiplied by 1.5 and rounded up to the nearest 5 cents per bushel. The new initial and expanded price limits 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 one~~ 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 one~~ 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~~ increase to the expanded price limit the next business day, ~~rounded up to the nearest 5 cents per bushel. Price limits will remain at the expanded price limit until all~~ ~~if no~~ Wheat futures contract months and ~~no~~ all KC HRW Wheat futures contract months settles at ~~the expanded limit~~

~~price change less than the initial price limit, at which point 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.~~

~~If there are any settlements at the expanded price limit across Wheat or KC HRW Wheat futures for two consecutive trading days, the initial price limit shall be reset to the expanded price limit and the expanded price limit shall be reset 1.5 times higher rounded up to the nearest 5 cents per bushel. All Wheat futures contracts will be subject to the updated initial price limit on the next business day. These updated initial and expanded price limits and will remain in effect until the next normal reset or unless another reset is warranted under these Rules.~~

~~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.~~

[Remainder of Chapter unchanged.]

## Chapter 14H

### KC HRW Wheat Futures

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#### 14H02. TRADING SPECIFICATIONS

Trading in wheat futures is regularly conducted in five months - July, September, December, March and May. The number of months open for trading at a given time shall be determined by the Exchange.

##### 14H02.A. Trading Schedule

The hours for trading of wheat futures shall be determined by the Exchange.

On the last day of trading in an expiring futures, the close of the expiring futures shall begin at 12 o'clock noon and trading shall be permitted thereafter for a period not to exceed one minute. Quotations made during this one minute period shall constitute the close.

##### 14H02.B. Trading Unit

The unit of trading shall be five thousand (5,000) bushels of hard red winter wheat.

##### 14H02.C. Price Increments

The minimum fluctuation for KC HRW Wheat futures shall be  $\frac{1}{4}$  cent per bushel (\$12.50 per contract), including spreads.

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

KC HRW Wheat futures are subject to either initial or expanded daily price limits each trading day as described in this Rule.

Initial and expanded ~~D~~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 The new expanded price limit shall be the new initial price limit multiplied by 1.5 and rounded up to the nearest 5 cents per bushel. The new initial and expanded price limits~~ 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 the new expanded price limit shall be the new initial price limit multiplied by 1.5 and rounded up to the nearest 5 cents per bushel. The new initial and expanded price limits~~ 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 one~~ 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 one~~ 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~~ increase to the expanded price limit the next business day, ~~rounded up to the nearest 5 cents per bushel. Price limits will remain at the expanded price limit until all~~ ~~if no~~ KC HRW Wheat futures contract months ~~and~~ ~~no~~ all Wheat futures contract months ~~settle at the expanded limit~~ price change less than the initial price limit, at which point 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.~~

If there are any settlements at the expanded price limit across KC HRW Wheat or Wheat futures for two consecutive trading days, the initial price limit shall be reset to the expanded price limit and the expanded price limit shall be reset 1.5 times higher rounded up to the nearest 5 cents per bushel. All KC Wheat futures contracts will be subject to the updated initial price limit on the next business day. These updated initial and expanded price limits and will remain in effect until the next normal reset or unless another reset is warranted under these Rules.

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.

[Remainder of Chapter unchanged.]

**Exhibit B**  
**CBOT Rulebook**  
(clean version)

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

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**14102. TRADING SPECIFICATIONS**

Trading in wheat futures is regularly conducted in five months – July, September, December, March and May. The number of months open for trading at a given time shall be determined by the Exchange.

**14102.A. Trading Schedule**

The hours for trading of wheat futures shall be determined by the Exchange.

On the last day of trading in an expiring future, the close of the expiring future shall begin at 12 o'clock noon and trading shall be permitted thereafter for a period not to exceed one minute. Quotations made during this one minute period shall constitute the close.

**14102.B. Trading Unit**

The unit of trading shall be 5,000 bushels of Wheat.

**14102.C. Price Increments**

The minimum fluctuation for wheat futures shall be ¼ cent per bushel (\$12.50 per contract), including spreads.

**14102.D. Daily Price Limits**

Wheat futures are subject to either initial or expanded daily price limits each trading day as described in this Rule.

Initial and expanded 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. The new expanded price limit shall be the new initial price limit multiplied by 1.5 and rounded up to the nearest 5 cents per bushel. The new initial and expanded price limits 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. The new expanded price limit shall be the new initial price limit multiplied by 1.5 and rounded up to the nearest 5 cents per bushel. The new initial and expanded price limits 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 one or more Wheat futures contract month within the first five listed non-spot contracts settle at limit or should one or more KC HRW Wheat futures contract month within the first five listed non-spot contracts settle at limit, the daily price limits for all contract months shall increase to the expanded price limit the next business day. Price limits will remain at the expanded price limit until all Wheat futures contract months and all KC HRW Wheat futures contract months settles at a price change less than the initial price limit, at which point daily

price limits for all contract months shall revert back to the initial price limit the following business day.

If there are any settlements at the expanded price limit across Wheat or KC HRW Wheat futures for two consecutive trading days, the initial price limit shall be reset to the expanded price limit and the expanded price limit shall be reset 1.5 times higher rounded up to the nearest 5 cents per bushel. All Wheat futures contracts will be subject to the updated initial price limit on the next business day. These updated initial and expanded price limits and will remain in effect until the next normal reset or unless another reset is warranted under these Rules.

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.

[Remainder of Chapter unchanged.]

## **Chapter 14H**

### **KC HRW Wheat Futures**

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

Trading in wheat futures is regularly conducted in five months - July, September, December, March and May. The number of months open for trading at a given time shall be determined by the Exchange.

##### **14H02.A. Trading Schedule**

The hours for trading of wheat futures shall be determined by the Exchange.

On the last day of trading in an expiring futures, the close of the expiring futures shall begin at 12 o'clock noon and trading shall be permitted thereafter for a period not to exceed one minute. Quotations made during this one minute period shall constitute the close.

##### **14H02.B. Trading Unit**

The unit of trading shall be five thousand (5,000) bushels of hard red winter wheat.

##### **14H02.C. Price Increments**

The minimum fluctuation for KC HRW Wheat futures shall be ¼ cent per bushel (\$12.50 per contract), including spreads.

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

KC HRW Wheat futures are subject to either initial or expanded daily price limits each trading day as described in this Rule.

Initial and expanded 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. The new expanded price limit shall be the new initial price limit multiplied by 1.5 and rounded up to the nearest 5 cents per bushel. The new initial and expanded price limits 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. The new expanded price limit shall be the new initial price limit multiplied by 1.5 and rounded up to the nearest 5 cents per bushel. The new initial and expanded price limits 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 one or more KC HRW Wheat futures contract month within the first five listed non-spot contracts settle at limit, or should one or more Wheat futures contract month within the first five listed non-spot contracts settle at limit, the daily price limits for all contract months shall increase to the expanded price limit the next business day. Price limits will remain at the expanded price limit until all KC HRW Wheat futures contract months and all Wheat futures contract months settle at a price change less than the initial price limit, at which point daily price limits for all contract months shall revert back to the initial price limit the following business day.

If there are any settlements at the expanded price limit across KC HRW Wheat or Wheat futures for two consecutive trading days, the initial price limit shall be reset to the expanded price limit and the expanded price limit shall be reset 1.5 times higher rounded up to the nearest 5 cents per bushel. All KC Wheat futures contracts will be subject to the updated initial price limit on the next business day. These updated initial and expanded price limits and will remain in effect until the next normal reset or unless another reset is warranted under these Rules.

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.

[Remainder of Chapter unchanged.]