

Chapter 21

Wheat Calendar Swaps (Cleared-Only)

Product

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2100.00 Wheat Calendar Swaps; Cleared-Only. The scope of this Chapter is limited to Wheat Calendar Swaps negotiated between eligible swap participants (as defined in Commodity Futures Trading Commission (“CFTC”) Regulation 35.2(b)(2)) in the Over-The-Counter (“OTC”) market and submitted to the Kansas City Board of Trade Clearing Corporation (“KCBTCC”) for clearing. When accepted for clearing, these Wheat Calendar Swaps are not converted or substituted into futures contracts, but remain OTC products. Wheat Calendar Swaps are not fungible with KCBT wheat futures or options contracts. Wheat Calendar Swaps are subject to the general rules of the Exchange as may be applicable. The clearing and settlement of Wheat Calendar Swaps are also subject to the rules and by-laws of KCBTCC.

2100.01 Participation Requirements – Futures Commission Merchants. Any Futures Commission Merchant (“FCM”) registered with the CFTC that carries the account of a customer desiring to enter into Wheat Calendar Swaps transactions must execute a Participation Agreement with KCBT, in the form prescribed by KCBT, prior to the execution of any such swaps transactions, regardless of whether such FCM is a member of KCBT.

2100.02 Participation Requirements – Eligible Swap Participant. Each customer of an FCM desiring to enter into Wheat Calendar Swaps transactions must be an Eligible Swap Participant (“ESP”), as defined by CFTC Regulation Section 35.1(b)(2). Accordingly, each FCM must verify a customer’s qualification as an ESP prior to allowing such customer to enter into a Wheat Calendar Swaps transaction and, upon request by KCBT, provide documentary evidence of a customer’s qualification as an ESP.

2100.05 Additional Rules. The Board of Directors may adopt additional rules or modify existing rules of this Chapter, subject to CFTC approval, if required.

Product Contract Specifications

2101.00 Place of Trading. Wheat Calendar Swaps are negotiated and consummated off-exchange between eligible swap participants in the OTC market.

2102.00 Hours of Submission for Clearing. KCBTCC shall determine the business day hours during which Wheat Calendar Swaps may be submitted for clearing. In order to be accepted for clearing, Wheat Calendar Swaps trade data must either be entered into KCBTCC’s clearing system by clearing members or electronically transmitted directly to KCBTCC’s clearing system, provided both participants of the swap trade have the required agreements and approvals in place with a KCBTCC clearing member to accept such electronically-submitted trade data for clearing.

2103.00 Contract Size. Each Wheat Calendar Swap contract accepted for clearing must be for 5,000 bushels of wheat.

2104.00 Contract Months. Wheat Calendar Swaps may be entered into for any of the twelve (12) calendar months. The number of months in which clearing may occur shall be at the discretion of the Exchange and KCBTCC.

2105.00 Corresponding Futures Contract Month. For purposes of determining Wheat Calendar Swaps daily and final settlement prices, the corresponding KCBT wheat futures contract shall be the futures contract month immediately following the swap's final settlement date.

2106.00 Minimum Price Increment. The minimum trade price increment for Wheat Calendar Swaps is one quarter of one cent (\$.0025), or \$12.50 per contract. Trades submitted for clearing must be priced in multiples of the minimum price increment.

2107.00 Last Clearing Day; Expiration Day; Final Settlement Day. The last clearing day (also referred to as the expiration day or final settlement day) for a particular Wheat Calendar Swap contract month shall be the last business day of the calendar month immediately preceding such swap contract month.

2108.00 Delivery Mechanism. All open contracts as of the close of business on the last clearing day for a contract month shall expire at such time and be liquidated by means of cash settlement to the final settlement price determined in accordance with Rule 2011.00. All balances due to or from KCBTCC shall be established at that time, the clearing members so advised, and handled in accordance with normal variation margin settlement procedures.

2109.00 Last Month of Trading. The last month of trading for a particular swap contract month shall be the calendar month immediately preceding such swap contract month.

2110.00 Daily Settlement Price Prior to Last Month of Trading. The daily settlement price for a swap contract month prior to the last month of trading for such contract shall be the daily settlement price of the corresponding futures contract.

2111.00 Daily Settlement Price During the Last Trading Month. The daily settlement price for a Wheat Calendar Swap contract month during the last month of trading for such contract shall be the cumulative average of the daily settlement prices for the corresponding KCBT wheat futures contract month for each clearing day during the last month of trading. As an example, for an April Wheat Calendar Swap, the last month of trading would be March and the corresponding futures contract would be the May contract. Therefore, the daily settlement price for the April swap contract during the last month of trading would be the cumulative average of the daily settlement prices for the May futures contract month for each clearing day during March.

2112.00 Final Settlement Price. The final settlement price for a swap contract month, determined on the final settlement day, shall be the cumulative average of the daily settlement prices for the corresponding KCBT wheat futures contract month for each clearing day during the last month of trading. For example, the final settlement price for an April Wheat Calendar Swap would be the cumulative average of the daily settlement prices for the May futures contract month for each clearing day during March.

2113.00 Position Limits. Wheat Calendar Swaps 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 Wheat Calendar Swaps contracts expire prior to their corresponding futures contract delivery month.

2114.00 Reportable Positions. A position of 25 or more Wheat Calendar Swaps contracts owned, controlled or carried by any person shall constitute a reportable position. Every member, registered partnership or registered corporation shall report reportable positions to the Department of Audits and Investigations at such times and in such form and manner as shall be prescribed.

2115.00 Margin Requirements. Exchange minimum margins required for Wheat Calendar Swaps shall be established by Resolution of the Board of Directors, and may be changed from time to time in like manner.

Note: See Resolution 11-1160.00-1.

2116.00 Contract Fees. The KCBT Board of Directors may establish an exchange fee and the KCBTCC Board may establish a clearing fee for each Wheat Calendar Swap contract cleared. Such fees are subject to change.