

## Percentage Based Daily Price Limits for CBOT Grain and Oilseeds Products

CME Group is exploring a new percentage based daily price limit procedure in CBOT grain and oilseeds products, including corn, soybeans, CBOT wheat, Kansas City wheat, soybean meal, soybean oil, oats, and rough rice. The new methodology is a more flexible, transparent, and market based price limit setting mechanism. It would allow price limits to expand under high prices, but also allow price limits to retract when prices fall.

Under the new methodology, daily price limits will be reset every six months. The first reset date will be the first trading day in May based on the following: Daily settlement prices for the July contract for each of the eight commodities over 45 consecutive trading days before and on the business day prior to April 16<sup>th</sup> are collected. An average price is calculated based on these 45 settlement prices and multiplied by six percent. This number is rounded to the nearest 5 cents/bushel for corn, soybean, CBOT wheat, Kansas City wheat, and oats; \$5/ton for soybean meal; 0.5 cents/pound for soybean oil; \$0.05/cwt for rough rice to get the new initial price limits. The new limits will become effective on the first trading day in May and will last six months until the last trading day in October. If settlement occurs at the new limit during this six-month period, it will be expanded by 50% the next trading day, and remain at the expanded limit until no listed contracts settle at the expanded limit. Note that the same six percent will be applied across all the eight grain and oilseeds products mentioned above.

The second reset date in the year is the first trading day in November. The November new price limit will be determined in similar way as the first reset in May. The only difference is that December contracts (November contracts for soybean and rough rice) are observed over 45 consecutive trading days before and on the business day prior to October 16<sup>th</sup>.

The following table shows the implementation details of the new methodology.

	First Reset			Second Reset		
Commodity	Reset Date	Futures Contract Observed	Observation Window	Reset Date	Futures Contract Observed	Observation Window
Corn (c/Bu)	First trading day in May	July	45 consecutive trading days before and on the business day prior to April 16 <sup>th</sup>	First trading day in November	December	45 consecutive trading days before and on the business day prior to October 16 <sup>th</sup>
Soybeans (c/Bu)					November	
Soybean Meal (\$/ST)					December	
Soybean Oil (c/lb)					December	
CBOT Wheat (c/Bu)					December	
KCBT Wheat (c/Bu)					December	
Rough Rice (\$/cwt)					November	
Oats (c/Bu)					December	