

SUMMARY OF CHANGES FOR THE COMMODITY EXCHANGE PRICE PROVISIONS – SECTION I (23-CEPP-1)
(Released June 2022)

The following is a brief description of changes to the Commodity Exchange Price Provisions – Section I that will be effective for the 2023 and succeeding crop years. Please refer to the Commodity Exchange Price Provisions – Section I for complete information.

Released June 2022

- Added a definition for “AMS.”
- Streamlined the “Average Daily Settlement Price” definition for clarity. No material change is made to the definition.
- Modified language for the “Full Active Trading Day” definition to clarify that soft white wheat cash prices reported by AMS do not have an open interest requirement. The reference to Portland Merchants Exchange (PME) is deleted.
- Modified the “Harvest Price” and “Projected Price” definitions to clarify that prices will be published no later than three business days following the end of the respective discovery periods.
- Eliminated the definition for “NASS.”
- Added a definition for “Revenue Crops” that specifies which crops are covered by the Commodity Exchange Price Provisions.
- Added a definition for “RMA.”
- Streamlined the “Threshold Requirements” definition for clarity. No material change is made to the definition.
- Eliminated the “USDA” definition.
- Streamlined text under the “Price Determinations” section for clarity. This includes clarifying that RMA will provide notice when revenue protection is not available no later than three business days following the end of the projected price discovery period, and that when revenue coverage is not offered, RMA will provide the projected price no later than three business days following the end of the projected price discovery period. No material changes are made to this section.



UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation
Commodity Exchange Price Provisions
Section I – General Information

The Commodity Exchange Price Provisions (CEPP) are an extension of the Common Crop Insurance Policy Basic Provisions and the Area Risk Protection Insurance Basic Provisions, along with the Crop Provisions, for the following crops: barley, canola (including rapeseed), corn, cotton, grain sorghum, rice, soybeans, sunflowers, and wheat.

The CEPP has two sections. Section I - General Information, contains information relevant for all applicable crops, including definitions and common policy material. Section II contains crop-specific projected and harvest price definitions and specifications, including commodity exchanges, contracts, and discovery periods and is used in conjunction with Section I – General Information. There is a separate Section II document for each crop.

1. Definitions

AMS - Agricultural Marketing Service, an agency within the United States Department of Agriculture, which reports soft white wheat cash prices in its "Portland Daily Grain Bids" report.

Average Daily Settlement Price - The sum of all daily settlement prices divided by the total number of daily settlement prices included in the sum. All daily settlement prices during the price discovery period for the contract specified in the applicable crop's Section II document's projected price or harvest price definition will be included in the sum, provided the threshold requirements are met. If the threshold requirements are not met for the specified contract, see the terms under the substitute average daily settlement price definition.

CBOT - Chicago Board of Trade.

CME - Chicago Mercantile Exchange.

Daily Settlement Price - A price established in accordance with these provisions which is available for the crop at the end of a trading day.

Full Active Trading Day - For all exchanges, any trading day on which a minimum of one (1) open interest contract for the relevant futures contract is available at the close of trading. For soft white wheat cash prices reported by AMS, there is no open interest requirement.

Harvest Price - See the definitions in the Section II document for each crop. The harvest price will be published no later than three business days following the end of the harvest price discovery period.

Harvest Year - The calendar year in which the crop is normally harvested.

ICE — Inter Continental Exchange.

KCBT - Kansas City Board of Trade.

MGE - Minneapolis Grain Exchange.

Price Discovery Website -

prodwebnlb.rma.usda.gov/apps/PriceDiscovery.

Projected Price - See the definitions in the Section II document for each crop. The projected price will be published no later than three business days following the end of the projected price discovery period.

Revenue Crops - Barley, canola (including rapeseed), corn, cotton, grain sorghum, rice, soybeans, sunflowers, and wheat.

RMA - Risk Management Agency.

Substitute Average Daily Settlement Price - An average daily settlement price used when the threshold requirements for the contract specified in the applicable crop's projected or harvest price definition are not met.

The substitute average daily settlement price is generally obtained from the contract immediately prior to the contract specified in the applicable insured crop's projected price or harvest price definition, or another contract as determined by RMA. It must represent the same crop year as the insured crop. Threshold requirements must be met for the contract used to determine the substitute average daily settlement price. If threshold requirements are not met, the applicable projected price and harvest price will be established in accordance with 2(d) or 2(e).

Threshold Requirements - For revenue protection coverage to be offered there must be one full active trading day during the price discovery period and the contract must trade at least once during the discovery period, i.e., there must be one trading day with a volume of at least one.

2. Price Determinations

- (a) In accordance with either section 1 of the Common Crop Insurance Policy Basic Provisions or section 1 of the Area Risk Protection Insurance Basic Provisions, these Commodity Exchange Price Provisions specify how and when the projected price and harvest price will be determined, by crop.
 - (1) These provisions are a part of the policy for all revenue crops, regardless of whether revenue protection or yield protection is elected.
 - (2) These provisions include information necessary to derive the projected price and the harvest price for the insured crop, as applicable.
- (b) RMA reserves the right to omit any daily settlement price or substitute daily settlement price used to compute the average daily settlement price or substitute average daily settlement price if market conditions are different than those used to rate or price revenue protection.
- (c) RMA reserves the right to set the projected price for yield protection.
- (d) If the projected price cannot be calculated by the procedures outlined in these provisions:
 - (1) No revenue protection will be available and notice will be provided on the price discovery website no later than three business days following the end of the projected price discovery period;
 - (2) Yield protection will be available; and
 - (3) The projected price for yield protection will be determined by RMA and published no later than

three business days following the end of the projected price discovery period.

- (e) If the harvest price cannot be calculated by the procedures outlined in these provisions, the harvest price will be determined by RMA.
- (f) The harvest price will not be greater than the projected price multiplied by 2.00.
- (g) Projected prices, harvest prices and associated factors and adjustments for all crops, except the corn silage type, can be found on the price discovery website.
- (h) Methods used to calculate factors and adjustments not published by the contract change date can be found on RMA's website.
- (i) In counties with a fall sales closing date for which insurance is provided on both the spring and fall/winter types, the projected price for spring types will be published after the fall sales closing date at the time specified in the applicable definition of projected price.
- (j) For each insurance offer, if the actuarial documents specify that contract pricing is available, and procedures for establishing contract pricing are not specified in the crop provisions or special provisions, the Contract Price Addendum (CPA) outlines the procedures for using a contract price to determine your projected price and, if applicable, harvest price.
- (k) For revenue protection coverage to be offered, implied volatilities must be available for an appropriate option contract. The implied volatility requirements are specified in the volatility factor calculation methodology paper on RMA's website.