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Ms. Eileen A. Donovan
Acting Secretary
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, N.W.
Washington, D.C. 20581

Reference File # 2699.01
Rule Certification

Dear Ms. Donovan:

Pursuant to Commission Regulation 40.6(a), the Chicago Board of Trade (CBOT[®]) hereby submits the following:

- **Amendments to Regulations 1609.01, 1690.01, 1608.01 and 1008.01 per the attached texts (additions underlined; deletions struck through).**

These amendments will modify specifications for CBOT Denatured Fuel Ethanol futures as summarized below.

- Revised Regulation 1609.01 will change the last trading day from the business day prior to the 15th calendar day to the 3rd business day of the delivery month;
- Revised Regulation 1690.01 will amend load-out procedures to require that shippers load out against certificates within 17 days of cancellation and that in-tank transfers be completed within 17 days of certificate cancellation; and
- Revised Regulations 1608.01 and 1008.01 will increase daily price limits from \$0.15 to \$0.30 per gallon.

The last trading day and load-out changes are based on representative input from all facets of the ethanol industry (both buy side and sell side), and are designed to enhance the timing of ethanol deliveries. The increased daily price limits are designed to facilitate price discovery at the higher price levels which currently are prevalent in the ethanol market.

The CBOT intends to implement the last trading day and load-out revisions for September 2006 and subsequent Ethanol contract months. The CBOT intends to implement the increased daily price limits as of July 24, 2006.

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There were no opposing views concerning these amendments.

The CBOT certifies that these amendments comply with the Commodity Exchange Act and the rules thereunder.

Sincerely,

Paul J. Draths
Vice President and Secretary

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ATTACHMENT 1

Deletions are [~~bracketed with strikethrough~~] and additions are **bold and underlined**.

1609.01 Last Day of Trading - No trades in Denatured Fuel Ethanol futures deliverable in the current month shall be made after the **third** business day **of the delivery month.** [~~preceding the 15th calendar day of that month.~~] Any contracts remaining open after the last day of trading must be either:

- (a) Settled by delivery no later than the second business day following the last trading day (tender on business day prior to delivery).
- (b) Liquidated by means of a bona fide exchange of futures for the actual cash commodity, no later than the business day following the last trading day.

1690.01 Loading and Shipment of Ethanol Against Denatured Fuel Ethanol Shipping Certificates -

- (a) The operator of a storage facility or shipping plant (hereafter both referred to as shippers) issuing Denatured Fuel Ethanol Shipping Certificates shall limit the number of Shipping Certificates issued to an amount not in excess of 15 times its registered total daily rate of loading plus the amount of denatured ethanol in store. All such ethanol in store must be stored in facilities for which the capacity has been registered with the Board of Trade and which have been inspected by the Registrar. A shipper shall register its total daily rate of loading railcars at not less than 40% nor more than 100% of its maximum 24-hour ethanol production capacity. A shipper located in the Chicago District shall register its total daily rate of loading trucks. Each shipper must be regular for a minimum total daily rate of loading of 58,000 gallons per day.
- (b) Each regular shipper shall be required to **complete** load-out **of** ethanol against cancelled Shipping Certificates **within seventeen calendar days following the date of cancellation. The date of completed load-out shall be the bill of lading date.** [~~at a daily rate equivalent to the greater of either its registered total daily rate of loading, or 1/24th of the total amount of ethanol represented by Shipping Certificates issued by the facility but not yet loaded.~~]
- (c) The shipper shall assess a premium charge not in excess of \$0.0007 per gallon per day for each day a Denatured Fuel Ethanol Shipping Certificate is outstanding starting the day after the date of registration by the Registrar. When rail loading orders specify shipment within **seventeen** [~~fifteen~~] calendar days, the premium charge shall continue through the business day following the receipt of loading orders. Otherwise, the premium charge shall continue through the day of rail loading. "Business days" are those on which the Exchange is open for trading Ethanol.
- (d) The shipper shall maintain, in the immediate vicinity of the Exchange, either an office, or a duly authorized representative or agent approved by the Exchange, where owners of Shipping Certificates may file loading orders and shipping instructions.
- (e) Rail Loading Procedures
 - (1) The buyer requesting rail load-out will furnish written rail loading orders and shipping instructions to the shipper by the close of business on the first business day following the date of cancellation of the Shipping Certificates. The shipper is responsible for providing railcars, loading ethanol in the railcars, and transporting the ethanol to the buyer's destination. The shipper shall privately negotiate with the buyer for freight charges. Privately negotiated freight charges must be agreed upon by both buyer and shipper within two business days following the receipt of shipping instructions by the shipper.
 - (2) Should private negotiations fail between buyer and shipper regarding freight charges, the shipper shall consider the destination of the ethanol to be in-tank at the buyer's Chicago, IL District terminal. The Chicago, IL District shall be defined as on or inside the arc created by the Elgin, Joliet and Eastern Railway Company line from Pine Junction, IN, to Griffith, IN, to Park Forest, IL, to Joliet, IL, to Normantown, IL, to West Chicago, IL, to Leithton, IL, to

Waukegan, IL to the line terminus. The shipper shall supply ethanol to the buyer's Chicago, IL District terminal via rail, barge, truck, or book transfer provided the buyer's terminal supports these conveyances. The buyer's terminal must accept rail and truck load-in of ethanol. **Book transfers must be completed within seventeen calendar days following the date of cancellation of Shipping Certificates.** ~~[The shipper is responsible for having ethanol transferred in tank or constructively placed at the buyer's Chicago, IL District terminal within fifteen calendar days following failed private negotiations.]~~ **For non book transfers, the** [The] shipper is responsible for all transportation charges up to 48 hours after constructive placement of conveyance. The buyer is responsible for any demurrage charges 48 hours after constructive placement.

- (3) Loadings will be in bulk, and shipments will be subject to the existing freight tariff Rules and Regulations of the railroads on file with the Interstate Commerce Commission at the time of loading. The shipper is responsible for loading suitable owned or leased railcars.
- (4) All loading orders and shipping instructions received prior to 2:00 p.m. on a given business day shall be considered dated that day and shall be entitled to equal treatment. Orders received after 2:00 p.m. on a business day shall be considered dated the following business day. ~~[Loading against all rail loading orders dated on a given business day shall be completed before loading begins on any rail loading orders dated on a subsequent business day subject to the provisions of subparagraph 6 of this paragraph.]~~
- (5) When rail loading orders and shipping instructions are received by 2:00 p.m. of any given business day, the shipper will advise the owner by 10:00 a.m. the following business day of loading dates and tonnage due. Notification will be by telephone, telex, telefax or email.
- ~~[(6) When a shipper has received one or more rail loading orders and shipping instructions, he shall begin loading against them within 7 calendar days following their receipt, unless the owner requests a deferred loading date in his loading orders. When loadings against rail loading orders cannot be completed on the seventh following calendar day of their receipt, the shipper shall continue loading against such loading orders on each calendar day thereafter. The shipper shall load at the rate specified in paragraph (b) of this Regulation.]~~
- ~~[(7) When loading against rail loading orders and shipping instructions received by a shipper prior to 2:00 p.m. on a given business day cannot be completed by the seventh following calendar day, the shipper shall allocate daily loadings against such loading orders as equitably as possible on a pro-rata basis. Starting of loading against small orders may be delayed until the first day when pro-rata entitles such an order to an allocation of a full car, but in such a case loading of the last car against the order shall be accelerated by the same number of days as loading of the first car was delayed.]~~
- (6)(8)** The shipper shall load cars at the shipping plant or storage facility designated in the Shipping Certificate. If it becomes impossible to load at the designated shipping plant or storage facility because of an Act of God, fire, flood, wind, explosion, war, embargo, civil commotion, sabotage, law, act of government, labor difficulties or unavoidable mechanical breakdown, the shipper will arrange for railcars to be loaded at another regular shipping plant or storage facility in conformance with the Shipping Certificate and will compensate the owner for any transportation loss resulting from the change in the location of the shipping plant or storage facility. If the aforementioned condition of impossibility prevails at a majority of regular shippers, then shipment may be delayed for the number of days that such impossibility prevails at a majority of regular shipping plants or storage facilities.
- (7)(9)** Rail loading orders involving one or more Shipping Certificates shall be considered as one lot. The minimum amount shipped against each loading order shall be the number of Shipping Certificates specified therein times 29,000 gallons. A tolerance of 1,000 gallons over or under the total may be shipped to be settled at the market price at the time of shipment of the last car of the order.

(8[10]) Rail cars must be loaded to "full visible capacity".

1608.01 Trading Limits - (See Regulation 1008.01) The maximum permissible price fluctuation in any one day shall be **\$0.30** [~~\$0.15~~] per gallon above or below the preceding day's settlement price.

1008.01 Trading Limits

A. Limits. Trading is prohibited during any Trading Day (as defined in Regulation 906.04) in futures contracts of commodities traded on this Exchange at a price or yield higher or lower than either:

1. The settlement price or yield for such commodity on the previous business day, or
2. The average of the opening range or the first trade during the first day of trading in a futures contract, or
3. The price or yield established by the Exchange in an inactive future, plus or minus the following sums with respect to such commodities:

| | |
|---------------------|--|
| Corn | \$.20 per bushel - \$1,000 |
| mini-sized Corn | \$.20 per bushel - \$200 |
| Oats | \$.20 per bushel - \$1,000 |
| Rough Rice | \$.50 per hundredweight - \$1,000 |
| Soybeans | \$.50 per bushel - \$2,500 |
| mini-sized Soybeans | \$.50 per bushel - \$500 |
| Soybean Meal | \$20 per unit of trading - \$2,000 |
| Soybean Oil (Crude) | \$.02 per unit of trading - \$1,200 |
| Wheat | \$.30 per bushel - \$1,500 |
| mini-sized Wheat | \$.30 per bushel - \$300 |
| Ethanol | \$.30 [\$.15] per gallon - \$8,700 [\$4,350] |