U.S. COMMODITY FUTURES TRADING COMMISSION
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Office of the Secretariat

February 12, 2009

Stephen M. Szarmack
Director and Associate General Counsel
Chicago Board of Trade
20 South Wacker Drive
Chicago, IL 60606

Subject: Approval of proposed amendments that limit the quantity of registered and outstanding shipping certificates a person may own or control for non-commercial purposes to the spot month speculative position limit for the Corn, Mini-sized Corn, Wheat, Mini-sized Wheat, Oat, Rough Rice, Soybean, Mini-sized Soybean, Soybean Oil and Soybean Meal Contracts.

Dear Mr. Szarmack:

The Chicago Board of Trade (CBOT or Exchange) has requested prior Commission approval of proposed amendments to its agricultural futures contract pursuant to Section 5c(c) of the Act and Commission Regulations 40.4 and 40.5. The proposals were submitted in correspondence dated January 5, 2009 and February 5, 2009.[1] The proposed amendments will impose a limit on the number of shipping certificates/warehouse receipts that any entity may hold at any time for each of the subject agricultural commodities equivalent to the spot month limit. The rule change provides for exemptions to this limit for bona fide commercial purposes. In addition, exemptions may also be granted to banks that hold certificates or warehouse receipts as collateral as part of a financing arrangement with one or more participants that effectively control the certificates or receipts. The Exchange intends to make the amendments effective February 17, 2009, such that from that date forward no person may acquire certificates in excess of the limits. Persons owning or controlling soybean oil receipts in excess of the specified limits will have until September 25, 2009, to come into full compliance with the limits. In all other products, the deadline will be May 31, 2009.

[1] The proposal amends CBOT rules 10102.E., 10B02.E., 11102.E., 11B02.E., 12102.E., 13102.E., 14102.E., 14B02.E., 15102.E., 17102.E.

Commission staff has analyzed the proposed amendments and believes that in limiting the amount of certificates that any entity may hold for non-commercial purposes, the amendments have the potential to reduce the contract's overall susceptibility to manipulation. Accordingly, the proposed amendments comply with the requirements of the Commodity Exchange Act and were approved by the Commission pursuant to Section 5c(c)(3) of the Act.

The Commission notes, however, that in proposing the amendments, the Exchange indicated that these amendments were also intended to address convergence issues, that is, the periodic failure of futures prices to converge with cash prices. Commission analysis suggests that the changes are unlikely to significantly address this issue. In addition, many industry participants have expressed concern to the Commission that the proposed changes will hinder further action on the part of the Exchange to address the performance problems. Accordingly, the Commission encourages the Exchange to continue to work with the Commission and the industry in resolving contract performance issues.

Sincerely,

David A. Stawick

David Stawick
Secretary to the Commission