



RECEIVED
C.F.T.C.

2009 MAR 13 PM 1:45

OFFICE OF THE SECRETARIAT

March 13, 2009

SENT VIA E-MAIL

Mr. David Stawick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

**Re: Submission pursuant to Commission Regulation 40.4(b)(9)
"Non-material Agricultural Rule Change"**

Dear Mr. Stawick:

- I. **Submission.** The Kansas City Board of Trade ("KCBT") hereby gives notification to the Commission pursuant to Commission Regulation Section 40.4(b)(9), of its intention, pursuant to Rule 233.01(f), to amend Rule 2005.01 pertaining to the settlement price procedure for wheat futures contracts. The Board of Directors, in a special meeting held on this date, acting pursuant to authority granted them under Rule 233.01(f), unanimously approved amended Rule 2005.01. In the opinion of KCBT, the rule amendments are not material changes, in that only the definition of what constitutes the "lead contract month" was changed. Accordingly, the rights of open position holders are not significantly altered.
- II. **Date of Implementation.** In accordance with Commission Regulation 40.4(b)(9), the exchange intends to make amended Rule 2005.01 effective on the earlier of: ten business days from Commission receipt of this submission (Tuesday, March 31); or notification of Commission approval of such rule amendment
- III. **Substantive Opposing Views.** To the knowledge of the Board of Directors and staff, no substantive opposing views were expressed by members or others regarding the amendments.
- IV. **Text of Amendments.** The text of the amendments is shown as follows, with additions underlined and deletions lined out.

2005.01† Official Close; Settlement Price. Under the provisions of Rule 1111.00, the pit reporter is instructed to ring the bell before the closing period of the session and immediately after the final bell, call out the highest and lowest quotations made during the closing period. Those quotations shall constitute the official closing range of the market.

The settlement price shall be determined in the following manner:

- a. Immediately following the closing bell, all brokers and traders in the pit shall report to the pit reporter and the Wheat Pit Committee all outright trades, bids and offers and all spread trades, bids and offers made in the closing period that are relevant in determining settlement prices in accordance with Sections (b), (c) & (d) below.
- b. The settlement price of the lead contract month (determined by the Wheat Pit Committee based on criteria such as volume, open interest and historical experience ~~defined as the contract month with the largest open interest~~) shall be determined by the weighted average method of the trades in the closing period as reflected in the information reported to the pit reporter and Committee in accordance with subpart "a" of this Rule.
- c. The remaining contract months shall be settled based on spread price relationships, considering spread trades reported during the close. If individual spreads trade at multiple prices during the close, the Committee shall use the weighted average of spread prices in determining the settlement. The lead contract month settlement price shall serve as the initial spread relationship basing point for adjacent contract months, whose settlement can then be used in chronology to determine deferred month settlements.
- d. If no spreads involving a particular contract month traded during the close, the Committee shall take into consideration other market information available to the Committee that is pertinent to such contract month, including but not limited to, spread bids and offers, the latest quoted spread trade, the latest outright trades, bids or offers and the settlement price differentials that existed on the previous day in order to determine a settlement price that most accurately reflects the relationship between such month and surrounding contract months.
- e. If any settlement price is not consistent with market information known to the Wheat Pit Committee supervising the closing, or if trading is terminated without a closing period, then the Committee may establish a settlement price at a level consistent with such market information and shall cause to be prepared a written record setting forth the basis for such settlement price.

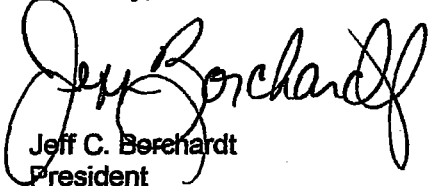
Note: It is possible that the settlement prices established as a result of spread price relationships could result in settlement prices that violate either open outright contract month or spread orders. No such orders shall be elected and brokers shall not be held liable on orders violated as a result of such settlement price procedure.

- V. **Rationale for Action Taken.** The wheat contract committee held meetings recently to review the wheat futures contract settlement procedures. The consensus of the committee after discussion was that the current settlement procedures that were amended effective September 2, 2008 has worked relatively well and should be maintained for now. There was, however, a minor change recommended that the committee unanimously recommended that the Board approve for implementation as soon as possible. That recommendation is to amend the wheat futures settlement rule definition of "lead month" contract. Currently lead month is defined as the month with the most open interest, which can result in situations where the lead month rolls to a subsequent month prematurely when the nearby month is still actively traded. The change would allow the wheat pit committee to determine the appropriate time to change the lead month, based on factors such as volume, open interest and past experience.

Mr. David Stawick
March 13, 2009
Page 3 of 3

VI. **Closing.** Any questions regarding this submission should be directed to the undersigned at 816-753-7500.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Borchardt". The signature is fluid and cursive, with the first name "Jeff" written in a larger, more prominent script than the last name "Borchardt".

Jeff C. Borchardt
President

Cc: Rick Shilts – CFTC Washington
Tom Bloom – CFTC Kansas City
Robin Hagedorn – CFTC Kansas City