



Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

June 8, 2012

**VIA E-MAIL**

Mr. David Stawick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, DC 20581

**RE: Regulation 40.6(a) Self Certification: Trading Hours and Settlement Times for CBOT Grain Oilseed, and Ethanol Products  
CBOT Submission 12-188**

Dear Mr. Stawick:

The Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange") pursuant to Commodity Futures Trading Commission ("Commission") Regulation 40.6(a) hereby self-certifies the extension of the close of floor trading hours for CBOT Grain and Oilseed futures and options contracts from 1:15 p.m. Central Time to 2:00 p.m. Central Time. Additionally, settlement times for these products as well as Ethanol futures and options, will move to 2:00 p.m. Central Time. The Exchange intends to implement these changes on June 25, 2012.

On May 21, 2012, the Exchange extended electronic trading hours in CBOT grain, oilseed, and ethanol futures and options to 5:00 p.m. Central Time to 2:00 p.m. Central Time Sunday through Friday. During the week of May 21, settlement prices for these products were determined at the close of the open auction trading period at 1:15 p.m. Central Time, but continued to trade electronically until 2:00 p.m. The commercial grain industry is used to having settlement and close at the same time, 1:15 p.m., and has built certain business practices around this. To align the open outcry close with the Globex close, and to facilitate the use of both in calculation of the settlement price, the Exchange proposes to extend the afternoon floor trading hours from 1:15 p.m. Central Time to 2:00 p.m. and to determine settlement prices at 2:00 p.m. Central Time.

Specifically, the pit closing time will move from 1:15 p.m. Central Time to 2:00 p.m. Central Time for CBOT Corn, Mini-Sized Corn, Soybeans, Mini-Sized Soybeans, Wheat, Mini-Sized Wheat, Soybean Meal, Soybean Oil, Rough Rice, and Oats futures and options, plus all related calendar spread options and inter-commodity spread options. Additionally, daily settlement for all of these products plus Ethanol futures and options will move from 1:15 p.m. Central Time to 2:00 p.m. Central Time.

CBOT business staff responsible for extending the close and settlement for CBOT grain, oilseed, and ethanol futures and options and the CBOT legal department collectively reviewed the designated contract market core principles ("Core Principles"). During the review, CBOT staff identified the following Core Principles as potentially being impacted; Monitoring of Trading, Compliance with Rules, Execution of Transactions, Protection of Market Participants and Recordkeeping.

Extending the open-auction close will not impact the Exchange's ability to perform its trade practice and market surveillance obligations under the Commodity Exchange Act ("CEA") and the Exchange's market regulation staff will continue to monitor all market participants that trade during the extended 45 minutes to prevent manipulative trading and market abuse. The extended floor close and settlement does not impact the Exchange's order execution, which will continue in the same manner as before. Chapter 4 of

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the Exchange Rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. These rules continue to apply during the additional trading hours and extended settlement. Trading that occurs during the additional 45 minutes will continue to be subject to the Exchange's record retention policies which comply with the CEA.

The Exchange certifies that the proposed changes comply with the CEA and the rules thereunder.

The Exchange has discussed these proposed changes with its members and other market participants and considered the substantive opposing views expressed during those conversations. A list of the market feedback, including substantive opposing views, considered by the Exchange when making the hours changes are set out below:

- There is wide consensus among market participants that the current arrangement with settlement at 1:15 p.m. and close at 2:00 p.m. is confusing and disruptive and that open outcry hours should be brought in line with revised electronic hours and that open outcry and Globex closes should occur at the same time to allow both venues to be part of the settlement price calculation process.
- There are a limited number of market participants, primarily from Europe, who argue that delaying the settlement an additional 45 minutes is not necessary.

The Exchange has determined to adopt the consensus view and plans to adopt the hours changes.

It was determined that one rule, 703.B. Strike Bound Facility, was affected by a change in grain and oilseed settlement times. This rule deals with strike bound delivery facilities and the times that bids may be tendered for buying back outstanding shipping certificates. These bids are based on settlement prices, so the time period for which these bids may be tendered must be adjusted to the new settlement time. There are currently no outstanding shipping certificates at strike bound facilities, so this rule change has no market impact.

Exhibit 1 sets forth the amendments to Rule 703.B with additions underlined and deletions overstruck.

The Exchange certifies that this submission has been concurrently posted on the Exchange's website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

If you require any additional information regarding this action, please contact me at 212-299-2200 and reference CBOT Submission 12-188 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

# EXHIBIT 1

(Deletions [~~bracketed with strikethrough~~] and additions **bold and underlined**)

## 703.B. Strike Bound Facility

A regular facility or an owner of shipping certificates can make delivery in a strike bound facility. The taker of delivery is liable for all premium charges. However, where the owner of shipping certificates in a strike bound facility delivered against futures contracts has a bona fide bid for like certificates in a strike free facility and decides to load the grain out or sell his certificates, the strike bound warehouseman has the option:

- (a) to provide that same quantity and like quality of grain in store in another regular facility, not on strike, in the same delivery market, or
- (b) to provide that same quantity and like quality of grain in store at another location on mutually acceptable terms. If no initial agreement can be reached, the strike bound warehouseman must buy his shipping certificates back at the bid price in store for that same quantity and like quality of grain in a strike free facility in the same delivery market or he has the alternative of proceeding as in (a) above. The bid (which must be a basis bid versus futures settlement) referred to in this paragraph must be good for a minimum period of one hour and must be tendered in writing to the strike bound warehouseman between [~~4:30~~]**2:15** p.m. and 4:30 p.m. on a business day. The warehouseman must respond to the bid within the time period during which the bid is alive.

Within the context of this rule, a strike bound warehouse is defined as the facility itself being on strike.