

secretary

From: Hainline, Jeff [JHainline@advance-trading.com]

Sent: Thursday, January 22, 2009 6:03 PM

To: secretary

Subject: limitation on shipping certificates

I am writing to oppose the limitation of shipping certificates as proposed by the CME. I believe that this is too onerous for the long and reduces the flexibility for him to the detriment of the contract. This is an attempt to solve the problem of lack of convergence by treating the symptoms instead of the cause. The CME needs to double the existing storage rate to 10c/month year round for wheat as well as corn and soybeans. The existing 5c rate is only 0.2c wider than the rate charged in the 1970's. By doubling the charge and increasing convergence:

- lenders will have more confidence to provide funds for hedgers
- grain companies will have confidence to give more competitive forward bids to producers
- basis volatility will transition to spread volatility which can be traded and managed on an exchange
- users of grain will have confidence that futures are an effective representation of cash as a hedge

The bottom line is it will narrow the spread between what farmers receive and what end users have to pay making our food system more efficient.

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1/26/2009