KANSAS CITY BOARD OF TRADE

June 21, 2007

SENT VIA E-MAIL TO:
submissions@cftc.gov

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

Re: Submission pursuant to Section 5c(c) of the Act and Commission Regulations 40.4 and 40.5 - "Request for Commission rule approval."

Dear Ms. Donovan:

I. REQUEST FOR COMMISSION APPROVAL

The Kansas City Board of Trade ("KCBT" or "exchange") hereby submits, pursuant to Section 5c(c) of the Act and Commission Regulations 40.4 and 40.5, amendments to Rules 1218.00, 1219.00, 2000.00, 2000.03 and 2000.06, Resolutions 17-1715.00-1, 17-1715.00-2, 18-1800.00-2 and 18-1800.00-3, and the Interpretation of the Delivery Rules in Chapter 12 (hereinafter collectively referred to as the "rule amendments"). The following is a brief summary of the aforementioned rule amendments concerning the exchange's wheat futures contract:

Wheat Contract Amendments	
Additional Kansas Delivery Points	Salina/Abilene, Wichita
Location Differentials	Salina/Abilene - 12 cents per bushel
	under contract price
	Wichita - 6 cents per bushel
	under contract price
Contract Grades	No. 2 HRW or better
IDK	Maximum 10 IDK per 100 grams

Loadout Fee	8 cents per bushel
Storage	4.5 cents per month
Railcar Loadout Cadence:	
Warehouse Receipted	
Delivery Wheat	
By Warehouse	
Up to 3,000,000 bushels	30 per day / 150 per week
3,005,000 to 4,000,000 bushels	40 per day / 200 per week
4,005,000 to 5,000,000 bushels	50 per day / 250 per week
Each Like Increment up, Add	10 per day / 50 per week

II. TEXT OF RULE AMENDMENTS

The text of the rule amendments is shown as follows, with additions underlined and deletions lined out:

EFFECTIVE WITH THE JULY 2008 CONTRACT MONTH

1218.00 Loading Cars. Within five (5) business days after the receipt of the loading order request the delivering elevator shall commence loading all applicable rail equipment that has been actually placed or constructively placed to the delivering elevator at the applicable daily/weekly rate pursuant to subsections (a) and (b) below. The cars are to be loaded in the order they are placed and applied to the respective loading instruction in the order they were furnished. However, in the event cars for more than one set of loading instructions are on constructive placement, the loading elevator shall be required to order from constructive placement those cars furnished for the earliest loading request.

a.

Warehouse Receipted Wheat Delivered and Not Loaded Out	Load-Out Requirements In Hopper Cars Daily	Weekly
Up to ~~4~~ 3,000,000 Bushels	30 ~~20~~	150 ~~100~~
~~4~~ 3,005,000 to ~~5~~ 4,000,000 bu.	40 ~~25~~	200 ~~125~~
~~5~~ 4,005,000 to ~~6~~ 5,000,000 bu.	50 ~~30~~	250 ~~150~~
Each Like Increment up, Add	10 ~~5~~	50 ~~25~~

b. Reporting requirements
The operator of a facility that is declared regular for delivery is to report the total quantity delivered on current and prior contracts, that has not yet been loaded-out as of the close of business on the last business day of the expiring contract month. Such information shall be reported to the KCBT not later than 9:00 a.m. on the next following business day (first business day of the month immediately following the expiring month).

c. Publicizing the Load-Out Rate
The Exchange is charged with publicizing the load-out rate for each warehouse declared regular whose load-out rate is above the minimum 30 ~~20~~ cars per day.

d. Duration of Established Load-Out Rate
The published load-out requirement is to remain in effect through the close of business on the last delivery day of the next following contract month, at which time the new load-out rate will be determined pursuant to subsections (a) and (b) above.

1219.00 Storage Charges. Storage charges for account of the holder of the warehouse receipts will cease on any amount on the date that amount is loaded. Furthermore, provided ~~applicable~~ cars are actually or constructively placed ~~available~~, storage charges for the account of the holder will also cease on any bushels not meeting the minimum weekly load-out requirements on the final day that loading is due. In the event loading orders are subsequently cancelled before completion, storage charges will accrue on the total remaining balance.

Chapter 12 Interpretation:

INTERPRETATION OF CHAPTER 12 RULES

Note: Any examples used in this Interpretation are based on the minimum load-out rate of 30 ~~20~~ cars per day or 150 ~~100~~ cars per week. Any elevator subject to a higher load-out rate pursuant to Rule 1218.00 must take such higher rate of load-out into consideration and adjust such examples accordingly.

The delivery rules charge the loading elevator to begin loading requested delivery wheat within five (5) business days, which is on day six (6) following receipt of the taker's load-out instructions on day one. Business days do not count Saturdays, Sundays or holidays. Rules include loading requirements per day or per week because some elevators may have to load on a daily basis rather than on a weekly basis. However, an elevator may choose to consolidate his loadings to even once a week. The stop storage rule is to be figured on a weekly basis. Under these rules neither prior business nor new business is of any consequence and does not affect loading requirements or applicable stop of storage. However, an elevator may choose to delay loading, for whatever reason, and allow storage to stop, but must load at a rate adequate to avoid default. Therefore, storage would stop with day ten (10) on 495,000 ~~330,000~~ bushels if no wheat has been loaded or on any portion of this amount that has not been previously loaded. Storage charges would include day ten (10). Loadings made prior to a stop storage deadline would have charges due through the actual day of loading. Storage would stop in a like manner on additional 495,000 ~~330,000~~ bushels at five (5) business day increments thereafter.

Because communications between parties is encouraged, any amendments to the loading request would continue to have time count for stop storage requirements. However, if the order is cancelled and reinstated at a later date, the time begins again at the reinstatement date. Also, if the order is cancelled, then storage charges will accrue from day one on the total remaining balance, whether or not any of the bushels had previously passed a stop storage date. Subsequent amendments or modifications of an existing load-out request does not constitute cancellation of a loading order. A taker may request any railroad covered rail hopper cars or elect to provide private car equipment. Any charges that may be incurred for the ordering or cancellation of car orders shall be paid by the taker. The intent is for the taker to be responsible for reasonable costs of placing and canceling car orders. If cars are not available, as requested in load-out instructions, then the obligation to load is suspended and time does not count until cars are available.

While an elevator may choose to load the required amount after a stop storage date, the intent is not to delay loading unreasonably. The intent of the default rule is therefore intended as only a serious extreme limit. An elevator would be in default on the entire remaining delivery obligation on day 31 if it has not loaded at least 495,000 ~~330,000~~ bushels by day 30. Default on the entire remaining delivery obligation would also be deemed to have occurred after each following five day increment if the elevator becomes more than 20 business days delinquent in maintaining the minimum load-out schedule.

While communication is encouraged, throughout the delivery rules there are various requirements that communication be confirmed in writing. This is intended to provide a clear audit trail of the delivery process.

RES 17-1715.00-1 Elevators and Warehouses; Elevator Charges, Delivery Grain

Load-Out Fee

~~RESOLVED, Subject to CFTC approval, and~~ Under the authority of Rule 1715.00, the maximum load-out fee for regular elevators on grain delivered on futures contracts is established at eight ~~seven~~ cents (8¢) ~~(7¢)~~ per bushel.

RES 17-1715.00-2 Elevators and Warehouses; Elevator Charges, Delivery Grain ~~for March, 1982, and Subsequent Months~~

Storage & Insurance ~~Elevator Charges on Delivery Grain~~

~~RESOLVED, Subject to CFTC approval, and~~ Under the authority of Rule 1715.00, ~~that~~ the maximum insurance and storage charge for regular elevators on grain delivered on futures contracts is established at $.00148 ~~$.00133~~ per bushel per day, to become effective ~~as to grain delivered on futures contracts~~ on and after July 1, 2008 ~~March 1, 1982~~.

~~Note: The maximum insurance and storage charge had been 1/10 cent per bushes per day. The CFTC approved the current resolution on 2/25/82.~~

RES 18-1800.00-2 Warehouse Receipts; Requirements

Insect Damaged Kernels ("IDK") ~~Wheat of Other Classes ("WOCL")~~ Restriction

RESOLVED, that warehouse receipts delivered in satisfaction of futures contracts to the Clearing Corporation and registered with the Board of Trade, must indicate thereon, for ~~#3 Hard Red Winter~~ wheat, a maximum of 10 IDK (indicating no more than 10 insect damaged kernels per 100 grams) ~~5% WOCL (see Rule 2000.00)~~. As of the effective date of this rule, any warehouse receipts previously issued and outstanding (that do not indicate thereon a maximum of 10 IDK) shall be subject to the 10 IDK restriction of this rule.

RES 18-1800.00-3 Warehouse Receipts; Requirements

Reissue Fee – Upgrade #3 HRW to #2 HRW ~~5% WOCL Maximum~~

RESOLVED, that from one business day prior to the first intention day of the July 2008 ~~2003~~ wheat futures contract month (June 26, 2008) ~~(June, 27, 2003)~~ to three business days following the first intention day (July 3, 2008 ~~2003~~), #3 HRW wheat warehouse receipts issued and registered with the exchange prior to such time ~~which do not reflect the 5% WOCL maximum~~ may be presented to the issuing warehouse by the holder and replacement receipts requested reflecting a grade of #2 HRW wheat ~~the 5% WOCL maximum~~. The issuing warehouse must comply with such request and may charge the receipt holder a maximum of $.05 per bushel to issue such replacement receipts.

2000.00 Contract Grades; Hard Winter Wheat. Contracts for the delivery of Hard Winter Wheat shall be understood as for "Contract" Hard Winter Wheat, and the following grades ~~(see note 1)~~ may be tendered on contract at the premiums or discounts indicated:

No. 1 Hard Red Winter Wheat................................	at 1-1/2 cents per bushel over contract price
No. 2 Hard Red Winter Wheat................................	at contract price
~~No. 3 Hard Red Winter Wheat*...............................~~	~~at 5 cents per bushel under contract price~~
~~*Limited to 5% WOCL (wheat of other classes)~~	

Deliveries of the above grades may be made in such proportions as may be convenient to the seller; subject however, to the provisions of Rules 1206.00 and 1210.00.

~~Note: The Kansas City Board of Trade was designated as a contract market for futures trading in grain (including wheat) April 10, 1931. Redesignation for futures trading in hard winter wheat, based on the 1974 amendments to the Commodity Exchange Act, was approved December 29, 1975. At that time Old Rule 1802.1 (relating to wheat contracts and permitting delivery of soft wheat) was not approved.~~

2000.03 Delivery Locations. Regular elevators or warehouses shall be located in the switching limits of:

1.) Kansas City, Missouri/Kansas, ~~or~~
2.) Hutchinson, Kansas,
3.) Salina/Abilene, Kansas, or
4.) Wichita, Kansas.

2000.06 Location Differentials. Deliveries in satisfaction of Hard Red Winter Wheat futures contracts may be made by warehouse receipt issued by a regular elevator at any of the locations prescribed by Rule 2000.03 at the following prescribed premiums/discounts (differentials):

Kansas City, Missouri/Kansas	contract price
Wichita, Kansas	at 6 cents per bushel under contract price
Hutchinson, Kansas	at 9 cents per bushel under contract price
Salina/Abilene, Kansas	at 12 cents per bushel under contract price

III. EXCHANGE ACTION TAKEN AND EFFECTIVE DATE

The Board of Directors, in a regular meeting held on April 24, 2007, unanimously approved the wheat futures contract changes recommended by the Wheat Contract Committee. In a regular meeting held on May 29, 2007, the Board of Directors unanimously approved the specific rule amendments shown in Section (II) of this submission, acting pursuant to authority granted them under Rule 233.01(o). The membership, in a vote held on June 20, 2007, ratified the rule amendments (by a vote of 83 to 3). Subject to Commission approval, the rule changes shall become effective with the July 2008 wheat futures contract month and the membership has been previously notified by exchange circular and press release of such (copy of both circular and press release attached).

IV. OPERATION, PURPOSE AND EFFECT OF RULE AMENDMENTS

The exchange Wheat Contract Committee spent a great deal of time and effort over the last two years analyzing and discussing the subject of wheat contract rule enhancements. Over the course of their extensive discussions, the Wheat Contract Committee recognized that certain modifications could further enhance the wheat futures contract. Specifically, the Committee endeavored to: increase the diversity of firms with warehouses capable of making physical delivery on the contract; adjust load-out rates (number of railcars per day) to levels that provide the taker the ability to load-out the wheat within a reasonable amount of time regardless of the size of deliveries, provided cars are available; and eliminate #3 HRW as a deliverable grade on the contract. These changes were considered necessary given: the industry's continued consolidation; the continuing trend of railroads toward larger units, as evidenced by the pricing differentials between larger unit and single car rates; and the desire of commercial market participants to have deliverable grades on the contract that better reflect the quality of wheat handled in both domestic and international trade.

In connection with the desired changes mentioned above, the Committee was careful to construct a "package" of changes that resulted in the requisite "balance" considered by the Committee to be the most critical aspect in the consideration of any changes to the contract. This balanced package of changes provides takers of delivery with higher quality assurances (elimination of #3 HRW and 10 IDK limitation) and the ability to load-out the wheat at a faster rate (load-out rate or cadence), while providing makers of delivery with additional locations from which to deliver and increased storage and load-out fees. The various components of the package are discussed as follows:

Additional Delivery Locations
Increasing the diversity of firms with warehouses capable of making physical delivery on the contract necessitates the addition of delivery locations. Currently Kansas City, Missouri/Kansas and Hutchinson, Kansas are the only two delivery locations, with the vast majority of deliveries in recent years being made out of Hutchinson and predominantly by one firm controlling 77% of the registered deliverable storage space in Hutchinson. The addition of Salina/Abilene, Kansas and Wichita, Kansas as delivery points on the contract brings in several firms with significant storage capacity that do not operate delivery warehouses in Hutchinson.

Contract Location Differentials
The committee also addressed the contract location differentials on the additional delivery points of Salina/Abilene and Wichita. The committee analyzed the cash trade differentials between Hutchinson (the location differential of which is a 9¢ discount to Kansas City - the par delivery location) and the two new delivery points. The committee averaged the annual cash trade differentials between the locations and determined that the differential for Salina/Abilene should be set at a 3¢ discount to Hutchinson (12¢ discount to Kansas City), and the differential for Wichita should be set at a 3¢ premium to Hutchinson (6¢ discount to Kansas City).

Delivery Grades

Recognizing the much tighter quality specifications of wheat traded in both the domestic and international market, the committee determined that #3 HRW should be eliminated as a deliverable grade on the contract. The committee noted that over the last 10 years, 95% of the HRW wheat crop produced in the state of Kansas (the largest HRW wheat producing state) graded #2 or better.

Maximum 10 Insect Damaged Kernels per 100 Grams ("10 IDK")

In addition to eliminating #3 HRW as a deliverable grade on the contract, the committee also recognized the importance of instituting an IDK limitation on the contract that is more reflective of the increasingly tight IDK restrictions in both domestic and international trade contracts, which typically limit IDK to 5 or less per 100 grams.

Load-out Fee

In order to maintain the requisite balance between makers and takers of delivery, the committee increased the load-out fee on delivery from 7¢ per bushel to 8¢ per bushel.

Storage Fee

To maintain the aforementioned balance between makers and takers of delivery, the committee also increased the storage rate on wheat delivered from $.00133 per bushel per day (approximately 4¢ per bushel month) to $.00148 per bushel per day (approximately 4.5¢ per bushel per month).

Load-out Rate (Cadence)

The committee increased the number of rail cars per day/week that must be loaded by the delivering warehouse under the contract. The minimum cars per day/week was increased from 20/100 to 30/150. In addition, the threshold triggering the first increased load-out rate tier was lowered from 4,005,000 bushels to 3,005,000 bushels. Finally, the increased load-out rate for each higher tier was increased from 5/25 cars per day/week to 10/50 cars per day/week, as follows:

Up to 3,000,000 bushels	30 per day / 150 per week
3,005,000 to 4,000,000 bushels	40 per day / 200 per week
4,005,000 to 5,000,000 bushels	50 per day / 250 per week
Each Like Increment up, Add	10 per day / 50 per week

The increased load-out rates are intended to provide the taker of delivery with the ability, provided rail cars are available, to load-out the warehouse receipted wheat in approximately 7 weeks, regardless of the quantity of delivery receipts held by the taker. The maximum quantity at each tier (i.e., 3,000,000 bushels, 4,000,000 bushels, etc.) divided by the number of cars per week then divided by the bushels per rail car (approx. 3,333) equals about 6 weeks (the loading elevator has one week to order the cars). This ensures that, provided rail cars are available, the wheat will be loaded out of the warehouse prior to the end of the next contract month delivery period.

Maximum 5¢ Per Bushel Reissue Fee
Following the expiration of the May 2008 contract month, holders of grade #3 HRW wheat delivery receipts will not be able to deliver the receipts in any subsequent contract month, and will be faced with the following alternatives:

1. Hold the receipts and pay storage;
2. Sell the receipts back to the issuing warehouse or a third party;
3. Order the grain to be loaded out; or
4. Request that the issuing warehouse issue replacement receipts reflecting a grade of #2 HRW and pay the fee charged by the warehouse for such reissue.

In analyzing the holder's alternatives, the committee considered the contract's current 5¢ discount for delivery of #3 HRW and determined that this should be the maximum amount that a warehouse could charge the holder of a #3 HRW wheat receipt to reissue such receipt reflecting a grade of #2 HRW.

With the obligation to reissue #2 HRW wheat receipts (upon request) resting with the issuing warehouse, the committee determined that it would also be prudent to limit the time that the warehouse receipt holder had to request replacement. This way there would be a defined period during which the warehouse would realize their reissue obligation. It was determined that the time period should not begin earlier than the business day prior to the first notice day for July 2008 deliveries and should not continue for more than five business days. The five business days was deemed sufficient time for the holder of the warehouse receipts to make the request to have warehouse receipts reissued.

Note: This provision is very similar to one implemented with the July 2003 contract month when the exchange instituted a wheat of other class ("WOCL") restriction on delivery of #3 HRW wheat (see KCBT submission to CFTC dated January 8, 2002).

July 2008 Contract Month Implementation
As mentioned earlier, the wheat contract committee is of the opinion that the package of proposed rule amendments maintain the necessary balance between makers and takers of delivery, and will further enhance the viability of the contract by adjusting the delivery mechanics to more closely reflect standards in the cash market trade. The committee feels it is in the market's best interest to implement these rule amendments effective with the July 2008 wheat futures contract month, providing market participants ample time to consider the changes relative to their KCBT wheat market positions, both existing and anticipated.

In order to provide the marketplace with the maximum amount of notice of the rule amendments prior to the proposed July 2008 contract month implementation time, the exchange issued both a membership circular on April 25 and a press release on April 26, advising market participants of the proposed wheat contract changes and implementation time (see attached).

Not long following the exchange's release of the circular and news release, both the National Grain & Feed Association and the Commodity Markets Council advised their members of the KCBT's proposed wheat contract amendments in their weekly newsletters. To date, the exchange has only received positive feedback from market participants on the proposed amendments.

At the time the exchange circular and press release was issued, open interest in the July 2008 wheat futures contract month and forward was a mere 4,849 contracts, or 3.75% of the 129,402 total open wheat futures contracts. This small percentage, combined with the fact that the 2008 HRW wheat crop has not yet been planted and therefore beyond estimation as to size or potential market price impact, means that the implementation time proposed by the committee should have no predictable impact on existing positions in the July 2008 and forward wheat futures contract months. Further, such extensive advance notice enables existing position holders in such contract months to make adjustments to their positions well in advance of the effective date.

Finally, as mentioned above, the committee went to great lengths to establish the differentials of the additional delivery locations at values that were reflective of the average cash trade differentials between these points and the contract's current delivery points. This ensures that grain in store in the new locations will have nearly equivalent commercial value to that of grain in store at current delivery locations. In addition, since warehouses registering as delivery facilities in the new locations will be subject to the same conditions of regularity as existing warehouses (i.e., capacity, rail connections, load-out capacity, etc.), there should be no economic disadvantage to takers of delivery at the new locations.

V. **SUBSTANTIVE OPPOSING VIEWS**

To the knowledge of the Board of Directors and staff of the KCBT, no substantive opposing views were expressed by members or others regarding the rule amendments.

VI. **CLOSING**

The exchange is not aware of any Commission regulations that need amending or interpreting in order to approve the rule amendments proposed in this submission.

Sincerely,

Jeff C. Borchardt
President