



U.S. COMMODITY FUTURES TRADING COMMISSION

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February 26, 2002

Mr. Jeff C. Borchardt
Executive Vice President
Kansas City Board of Trade
4800 Main Street
Suite 303
Kansas City, Missouri 64112

Re: Request that the Commission Approve the Proposed Amendments to the Kansas City Board of Trade Hard Red Winter Wheat Futures Contract Reducing the Price Discount for Delivery at Hutchinson, Kansas, Increasing the Price Discount for Delivery of U.S. No. 3 Hard Red Winter Wheat, and Reducing the Maximum Permissible Amount of Wheat of Other Classes Deliverable as U.S. No. 3 Hard Red Winter.

Dear Mr. Borchardt:

The Kansas City Board of Trade (KCBT or Exchange) has requested that the Commission approve amendments to its hard red winter (HRW) wheat futures contract, pursuant to the provisions of Section 5c(c)(2)(B) of the Commodity Exchange Act as amended. The proposals were submitted in a letter dated January 8, 2002 (Attachment B) and received by the Commission on January 10, 2002. The proposed amendments would reduce to 9 from 12 cents per bushel the discount for delivery at Hutchinson, Kansas, increase to 5 from 3 cents per bushel the discount for delivery of U.S. No. 3 HRW wheat, and reduce to 5% from 10% the maximum permissible amount of wheat of other classes deliverable as U.S. No. 3 HRW wheat.

The Exchange proposes to apply the proposed amendments to existing futures contract months, beginning with the July 2003 contract month, and to all newly listed contract months. In this regard, the Exchange has established a limited period during which holders of Exchange-registered warehouse receipts for U.S. No. 3 hard red winter wheat that does not reflect the proposed 5% maximum tolerance for wheat of other classes may present such receipts to the issuing warehouse for replacement with receipts for wheat that meets the proposed tolerance. Specifically, the Exchange proposes that the period for exchanging such receipts will extend from the first business day prior to the first notice day through the third business day following first notice day of the July 2003 contract month. As part of the implementation plan, the

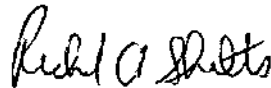
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Exchange proposes to establish a maximum fee of 5 cents per bushel, which warehouse receipt issuers may charge receipt holders for the replacement receipts.

The Division has reviewed the materials submitted by the Exchange and has determined that the proposed amendments meet the requirements of the Commodity Exchange Act and the Commission's rules and regulations thereunder, including Guideline No. 1 and the Commission's policy on the establishment of locational and quality price differentials. The proposed amendments appear to comply with the requirements of Commission Regulation 40.5 regarding voluntary submission of rule changes for Commission review and approval. Accordingly, the proposed amendments and implementation plan were deemed approved at the close of business on February 25, 2002.

Sincerely,



Richard A. Shilts
Acting Director
Division of Economic Analysis