secretary

From: chadburlet@comcast.net
Sent: Friday, October 03, 2008 5:01 PM
To: secretary
Subject: Comments on the CME Group's Proposed Changes to the Wheat Contract

To: Mr. David Stawick
Office of the Secretariat
Commodity Futures Trading Commission

From: Chad R. Burlet
chadburlet@comcast.net

Date: October 3, 2008

Re: Implementation of Changes to CBOT Wheat Futures

Chairman Lukken and Commissioners,

I am writing to encourage you to approve the CME Group's proposed changes as submitted. These changes create a dramatic increase in the total quantity of deliverable space and an unprecedented geographic expansion of the delivery territories. When combined with the fifteen cents per bushel per year increase in the storage rates these changes will create a market realignment sufficient to create convergence of cash and futures. A high percentage of U.S. SRW production will now be tributary to the delivery market and will enjoy the benefit of cash basis support that such access creates. In so doing it will significantly increase the natural pool of short hedgers, hedgers who have been reluctant to use the market in recent years because of price dislocations and because they were far removed from the delivery system.

I would further like to comment on the idea of compelled load out that is being promoted by a few market participants. This idea is terribly flawed, it would destroy the balance that currently exists between the makers and takers of delivery and cause unnatural or uneconomic flows of cash grain.

Two of the three rights that are given to the holder of a shipping certificate are the right to continue to hold the certificate and the right to redeliver that certificate. What some are proposing is that the issuer of the certificate be given the right to extinguish those rights as he or she sees fit.

By ordering a certificate holder to load his or her SRW out the issuer is forcing someone into a cash market that well may not need the cash wheat at that time or in that location. The nature of the cash SRW market is that many areas will go through extended periods of time where there is not a competitive bid from an end user. Trying to force that wheat into a disinterested buyer or forcing it to be moved from one storage facility to another is exactly the type of uneconomic movement of grain that the Commission has been directed to prevent.

Even in liquid and well defined cash markets the barriers to entry are considerable and the inequalities that exist in access to customers, access to transportation and in the cost of transportation dictate that only a very few participants could ever consider this option. Thus the threat of being forced into this situation will cause most participants to exit the market. A market with few participants, opaque price discovery and inequalities in the rights of the makers and takers of deliveries is not a market the Commission should look to create and is merely switching one market problem for another.

Again, I encourage you to approve the CME's proposed changes as submitted.

Respectfully,

Chad Burlet