



**DIVISION OF
MARKET OVERSIGHT**

**U.S. COMMODITY FUTURES TRADING
COMMISSION**
Three Lafayette Centre
1155 21st Street, NW, Washington, DC 20581
Telephone: (202) 418-5260
Facsimile: (202) 418-5527

November 27, 2009

Stephen M. Szarmack
Director and Associate General Counsel
Chicago Board of Trade
20 South Wacker Drive
Chicago, IL 60606

Subject: Request for approval of proposed amendments instituting a variable storage rate for the Chicago Board of Trade (CBOT) Soft Red Winter Wheat and Mini-Wheat futures contracts.

Dear Mr. Szarmack:

The Chicago Board of Trade (CBOT or Exchange) has requested prior Commission approval of a proposed amendment to its Wheat futures contracts pursuant to Section 5c(c) of the Act and Commission Regulations 40.4 and 40.5. The proposal was submitted in correspondence dated September 29, 2009 and November 10, 2009.²¹ The proposed amendments replace the existing fixed premium for storage in favor of a variable storage rate. Under the proposal, the storage rate may increase or decrease depending on whether the spread between the nearby delivery month and the 1st deferred delivery month is at or near "full carry" as measured by a formula specified in the rules. The Exchange intends to make the amendments effective for existing and newly listed contract months beginning with the July 2010 contract month.

Division staff has analyzed the proposed amendment and believes that the variable storage rate, in conjunction with other changes made by the Exchange and approved by the Commission during the last year, has the potential to improve the performance of the Wheat futures contract.

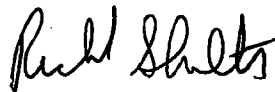
²¹ The proposal amends rules 14108 and 14B08.

This is to inform you that the proposed amendments were deemed approved pursuant to Section 5c(c)(3) of the Commodity Exchange Act and Section 40.5(b) of the Commission's regulations as of the close of business on November 27, 2009.

Notwithstanding the above, the Division remains concerned that while performance of the contract has shown signs of improvement, the prolonged lack of convergence in the Soft Red Winter Wheat contract has had a deleterious effect on the contract as a hedging instrument, and there is no guarantee that the proposed amendment will achieve the desired effect of consistent convergence between futures and cash prices.

In order to better understand the nature and depth of the convergence problem, the Division feels that it is appropriate to use at this time its authority under Section 38.5(b) of the Act to require the Exchange to collect data on cash transactions in Soft Red Winter Wheat by its licensed Wheat delivery facilities for the period of one year, commencing with transactions starting as soon as practicable, and to make this information available to the Division.^{22, 23} With this information, the Exchange and the Commission will be able to make more informed decisions with respect to the Soft Red Winter Wheat contract, if further action should be necessary. Staff in the Division of Market Oversight will be in contact with the Exchange's Market Regulation staff on the exact form and timing of the information request. For additional information, please contact Martin Murray at 202-418-5276 or Christa Lachenmayr at 202-418-5252.

Sincerely,



Richard Shilts
Director

²² Section 38.5(c) delegates the authority set forth in paragraph (b) to the Director of DMO (or his or her designee).

²³ Section 38.5(b) states that "Upon request by the Commission, a designated contract market shall file with the Commission... information and documents, in the form and manner and within such time as the Commission may specify, that the [DCM] is in compliance with one or more designation criteria or core principles. . . or that is requested by the Commission to enable the Commission to satisfy its obligations under the Act."