May 10, 2011

Mr. David Stawick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: Revision to Proposal to amend CBOT Rule 10102.D. Increasing Daily Price Limits in Corn Futures
CBOT Submission No. 11-161R

A. Proposed revision.

Chicago Board of Trade, Inc. ("CBOT" or "Exchange") hereby notifies the Commodity Futures Trading Commission ("Commission" or "CFTC") of a revision to its proposal to amend CBOT Rule 10102.D. to increase daily price limits in Corn futures.

Exchange submission 11-161, submitted on April 26, 2011, requested approval to increase price limits in CBOT Corn futures and options from $0.30 per bushel per day expandable to $0.45 and then to $0.70 to $0.50 per bushel per day expandable to $0.75 and then to $1.10. After listening to concerns from some segments of the Corn futures market, the Exchange would like to revise submission 11-161 and request approval to increase price limits in CBOT Corn futures and options to $0.40 per bushel per day expandable to $0.60 per bushel per day.

B. Justification of the revision.

The Exchange has received a number of opposing views to the original proposal from FCMs and country elevators during the comment period. Opposition generally falls under two main concerns of higher margin requirements and volatility. FCMs oppose this price limit increase because they finance, at least for short periods of time, changes in the value of customer positions and larger daily price ranges could result in increased economic commitments. Country elevators oppose price limit increases for fear that volatility, and hence margins, could increase. Subsequently, if faced with constrained financing, country elevators become concerned about their ability to fulfill margin calls and their ability to offer forward contracts.

The Exchange has also met with the National Grain and Feed Association Risk Management Committee and Country Elevator Committee to explain the rationale for increased corn price limits and to consider their feedback. Many engaged parties understand the necessity for an appropriate price limit increase to ensure normal market function. However, many are requesting the Exchange also take into account concerns over potential financing constraints commercial firms may face should margin requirements increase significantly.

History does not show increases in price limits result in higher margins. Of the last three price limit increases in Corn since 1993, margins have not moved higher in the two months following implementation and have actually moved lower around one month following implementation. However, since maximum margin requirements are tied to price limits, higher price limits could theoretically result in higher margin requirements under highly volatile market conditions. Thus, the Exchange has taken into serious consideration feedback from market participants concerned about financial viability under higher margin requirements while also continuing to consider the loss of market discovery and transparency when futures are locked limit.

The result of this consideration is to recommend a revision to the current proposal. The Exchange recommends that, pending CFTC approval, the daily price limit in Corn futures and options be increased from $0.30 per bushel per day to $0.40 per bushel per day, which is expandable by 50% to $0.60, when at least two contracts close at limit bid or limit offer on the previous trading day.

Original Feedback from a large number of market participants, including commercials hedgers, index dealers, and proprietary traders was positive with regards to higher price limits in Corn. FCMs and Country Elevators opposed the original proposal and may oppose the revision as well. However, the Exchange believes the revised price limit increase to $0.40 per bushel per day strikes a reasonable compromise between FCM and Country Elevator financial concerns and the broader market concerns over price discovery and price transparency.

The Exchange intends to implement these amendments shortly after commission approval, and requests that CFTC expedite the normal 45-day approval process.

The Exchange certifies that this action complies with the Commodity Exchange Act and regulations thereunder. There were no substantive opposing views to this proposal.

If you require any additional information, please contact Randy Shao at 312-648-3795 or via e-mail at Renyuan.Shao@cmegroup.com; Fred Seamon at 312-634-1587 or via e-mail at Fred.Seamon@cmegroup.com; or contact me at 212-299-2207. Please reference Submission No.11-161R in any related correspondence.

Sincerely,

/s/ Felix Khalatnikov
Director & Associate General Counsel

1205

The recommended rule book changes are attached with additions **<u>bold and underlined</u>** and deletions [~~bracketed with strikethrough~~].

Attachment

CBOT Rulebook
Chapter 10. Corn Futures

Rule 10102. TRADING SPECIFICATIONS

10102.D. Daily Price Limits

There shall be no trading in corn futures at a price more than [~~$0.30~~] **<u>$0.40</u>** per bushel ([~~$1,500~~] **<u>$2,000</u>** per contract) above or below the previous day's settlement price. Should two or more corn futures contract months within the first five listed non-spot contracts (or the remaining contract month in a crop year) close at limit bid or limit offer, the daily price limits for all contract months shall increase to [~~$0.45~~] **<u>$0.60</u>** per bushel the next business day. [~~Should two or more corn futures contract months within the first five listed non-spot contracts (or the remaining contract month in a crop year) close at limit bid or limit offer while price limits are $0.45 per bushel, daily price limits for all contract months shall increase to $0.70 per bushel the next business day. If price limits are $0.70 per bushel and no corn futures contract month closes limit bid or limit offer, daily price limits for all contract months shall revert back to $0.45 per bushel the next business day.~~] If price limits are [~~$0.45~~] **<u>$0.60</u>** per bushel and no corn futures contract month closes limit bid or limit offer, daily price limits for all contract months shall revert back to [~~$0.30~~] **<u>$0.40</u>** per bushel the next business day. There shall be no price limits on the current month contract on or after the second business day proceeding the first day of the delivery month.