



Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

May 16, 2012

**VIA E-MAIL**

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

**RE: Regulation 40.5 Request for Approval: Trading Hours for CBOT Grain and Oilseed Products  
CBOT Submission 12-145**

Dear Mr. Stawick:

The Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange") pursuant to Commodity Futures Trading Commission ("Commission") Regulation 40.5 hereby voluntarily submits for Commission review and expedited approval a request to extend electronic trading hours for CBOT Grain, Oilseed, and Ethanol futures and options contracts. The Exchange requests that these changes become effective as soon as possible.

Specifically, CME Globex trading hours for CBOT Corn, Soybeans, Wheat, Soybean Meal, Soybean Oil, Oats, Rough Rice, and Ethanol futures and options and related Calendar Spread options and Intercommodity Spread options will expand to:

- Sunday to Friday, 5:00 p.m. to 2:00 p.m. CT.

Current electronic trading hours for these products are Sunday to Friday, 6:00 p.m. to 7:15 a.m. CT and 9:30 a.m. to 1:15 p.m. CT.

CBOT business staff responsible for extending electronic trading hours and the CBOT legal department collectively reviewed the designated contract market core principles ("Core Principles"). During the review, CBOT staff identified the following Core Principles as potentially being impacted; Monitoring of Trading, Compliance with Rules, Execution of Transactions, Protection of Market Participants and Recordkeeping.

Extended electronic trading hours will not impact the Exchange's ability to perform its trade practice and market surveillance obligations under the Commodity Exchange Act ("CEA") and the Exchange's market regulation staff will continue to monitor all market participants that trade during the extended hours to prevent manipulative trading and market abuse. Additional electronic hours do not impact the Exchange's order execution, which will continue in the same manner. Chapter 4 of the Exchange Rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. These rules continue to apply during the additional trading hours. Trading that occurs during the additional hours will continue to be subject to the Exchange's record retention policies which comply with the CEA.

The Exchange certifies that these trading hour changes comply with the CEA and the rules thereunder. None of the Commission's regulations need to be amended and none sections of the CEA or the Commission's regulations need to be interpreted in order to approve these rule amendments.

The Exchange has discussed these proposed changes with its members and other market participants and considered the substantive opposing views expressed during those conversations. A list of the substantive opposing views that were considered by the Exchange when making the rule amendments is set out below<sup>1</sup>:

- Industry participants expressed concern about the potential disparate impact on market participants if USDA reports were released while the market is open, which would be the case with the revised trading hours. The Exchange notes that agricultural products traded on other designated contract markets will be available for trading when USDA reports are released. Consequently, the Exchange has decided that it is fair and reasonable to revise its rules to introduce trading during times that USDA reports are released.
- Smaller agribusinesses have expressed concern that the trading hour change will have a negative impact on their ability to complete their end of day operations. We have had extensive discussion around this issue with major trade groups (NGFA/NAEGA) and they believe the modification to a 2pm close will alleviate this concern.
- Market participants have expressed concerns that an increase in hours will add to market volatility. We believe the opposite to be true because the additional price discovery during longer trading hours will allow the market to absorb market event more effectively.
- Concerns have been expressed that longer trading hours will result in increased margin costs. This assumes that longer hours create more volatility. However, our margin requirements look at multiple time frames and thus an increase in hours, on its own, should not increase margins.
- Concerns have been expressed that under longer hours will lead us to change our daily price limit scheme to a trading halt, expanded limit approach. We have not adopted this approach and a change in hours would not increase the likelihood of adoption.

The Exchange certifies that this submission has been concurrently posted on the Exchange's website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

If you require any additional information regarding this action, please contact me at 212-299-2200 and reference CBOT Submission 12-145 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

---

<sup>1</sup> . The reasons for not incorporating the substantive opposing view, where applicable, are also included.