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August 29, 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: Amendments to CBOT Rulebook Chapter 12A, Options on Soybean Oil Futures, and Chapter 13A, Options on Soybean Meal Futures, to permit the listing of weekly options.
CBOT Submission No. 11-321

A. <u>Proposed amendments.</u>

The Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange") hereby notifies the Commodity Futures Trading Commission ("Commission" or "CFTC") that it intends to amend CBOT Rulebook Chapter 12A, Options on Soybean Oil Futures, and Chapter 13A, Options on Soybean Meal Futures, to permit the listing of weekly option expirations in these products.

CBOT currently lists standard and serial options on Soybean Meal and Soybean Oil futures. Standard and serial options expire on the last Friday which precedes by at least two business days the last business day of the month preceding the option month. Thus, there is currently one option expiration per month.

The Exchange intends to add weekly option expirations to the current line-up of standard and serial options on CBOT Soybean Meal and Soybean Oil futures beginning Monday, September 26, 2011.

B. <u>Justification of the amendments.</u>

1. <u>Weekly options provide an additional tool to manage increased volatility.</u>

The addition of weekly options complements the existing options complex by giving market participants increased trading flexibility in managing their existing option positions as well as increased trading opportunities due to the advantages offered by weekly options. First, market participants will be able to buy options with less time value than longer-dated options, making option trading more affordable. Second, flexible options are not available on the trading floor for agricultural commodities. Flexible options allow market participants to customize option contract specifications such as strike price, expiration date, and expiration type to fit specific trading requirements. The addition of weekly options helps fill the void between standard and flexible options. Third, weekly options enable targeted trading based on high impact economic events occurring in specific time frames, such as USDA crop reports.

2. <u>Market participants support the launch of weekly Soybean Meal and Soybean Oil options.</u>

Since CBOT launched Weekly Grain and Oilseed (Corn, Soybean, and Wheat) Options on May 23rd, 2011, they have been actively traded and have become an important complement to existing standard and serial options. Feedback from a large number of market participants, including floor brokers, floor traders, commercial hedgers, and proprietary trading firms has been overwhelmingly positive. Most market participants believe weekly options will complement their current trading while offering additional risk management opportunities. Many market participants have indicated that there is demand for low premium, short dated options sensitive to volatility and time decay characteristics.

C. Conclusion

Pursuant to Section 5c(c) of the Commodity Exchange Act and CFTC Rules 40.2 and 40.6, the Exchange certifies that these contract terms and conditions comply with the Commodity Exchange Act and regulations thereunder. There were no substantive opposing views to this proposal.

Attachments 1-4 summarize the rulebook changes that apply to the new weekly options.

Weekly Soybean Meal and Soybean Oil options will have the same contract specifications as their related standard or serial options, including their exercise into an underlying futures contract. The Exchange will list weekly options that expire each Friday, except on those Fridays where standard or serial options are scheduled to expire. Three weekly options will be listed concurrently for the nearby and/or the next deferred futures expirations. The Exchange will list new weekly options, for expiration approximately 28 days hence, on the weekend following the latest expiration of weekly options.

If you require any additional information, please contact Randy Shao at 312-648-3795 or via e-mail at Renyuan.Shao@cmegroup.com or Fred Seamon at 312-634-1587 or via e-mail at Fred.Seamon@cmegroup.com. Alternatively, you may contact me at 312-930-8167 or via e-mail at Sean.Downey@cmegroup.com. Please reference CBOT Submission No. 11-321 in any related correspondence.

Sincerely,

/s/ Sean Downey
Associate Director and Assistant General Counsel

Attachments

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

Attachment 1

CBOT Rulebook
Chapter 12A. Options on Soybean Oil Futures
Rule 12A01. OPTIONS CHARACTERISTICS

12A01.I. Termination of Trading

[~~Subject to the provisions of 12A01.D., no trades in Soybean Oil futures options expiring in the current month shall be made after the close of the open outcry trading session for the corresponding Soybean Oil futures contract on the last Friday which precedes by at least two business days, the last business day of the month preceding the option month. If such Friday is not a business day, the last day of trading shall be the business day prior to such Friday.~~]

<u>12A01.I.1. Standard and Serial Options</u>

<u>The last day of trading in any standard or serial option for expiry in a given month shall be the last Friday which precedes by at least two business days the last business day of the calendar month preceding such option's named expiry month. If such Friday is not a business day, then the last day of trading in such option shall be the business day prior to such Friday.</u>

<u>On their last day of trading, expiring standard or serial options shall cease trading at the close of the open outcry trading session for the corresponding Soybean Oil futures contract, subject to the provisions of Rule 12A01.D.</u>

<u>12A01.I.2. Weekly Options</u>

<u>Any weekly option shall be designated to expire on a given Friday, provided however that no weekly option shall be designated to expire on any Friday that is also the last day of trading in a standard or serial option (Rule 12A01.I.1.). Trading in any weekly option shall terminate on the Friday on which such option is designated to expire. If such Friday is not a business day, then trading in weekly options designated for expiration on such Friday shall terminate on the business day prior to such Friday.</u>

<u>On their last day of trading, expiring weekly options shall cease trading at the close of the open outcry trading session for the corresponding Soybean Oil futures contract, subject to the provisions of Rule 12A01.D.</u>

<u>12A01.I.3. Trading in Underlying Futures</u>

<u>In the event that the underlying futures market does not open on a day scheduled for option expiration, such option expiration shall occur on the next day on which the underlying futures market opens for trading.</u>

Attachment 2

CBOT Rulebook
Chapter 12A. Options on Soybean Oil Futures
Rule 12A01. OPTIONS CHARACTERISTICS

12A01.E. Exercise Prices

Trading shall be conducted for put and call options**, including standard, serial, and weekly options,** with striking prices (the "strikes") in integral multiples of one half cent per pound per Soybean Oil futures contract as follows:

1.

a. At the commencement of trading for each option contract, the Exchange shall list a strike closest to the previous day's settlement price of the underlying Soybean Oil futures contract (the at-the-money strike), and strikes in a range of 50 percent above and below the at-the-money strike. If the previous day's settlement price is midway between two strikes, the at-the-money strike shall be the larger of the two.

b. Over time, strikes shall be added as necessary to ensure that all strikes within 50 percent of the previous day's settlement price in the underlying futures contract are listed.

2. All strikes will be listed prior to the opening of trading on the following business day. Upon demand and at the discretion of the Exchange, new out-of-current-range strike prices at regularly defined intervals may be added for trading on as soon as possible basis. The Exchange may modify the procedures for the introduction of strikes as it deems appropriate in order to respond to market conditions. As new one half cent strikes are added, existing strikes outside the newly determined strike ranges without open interest may be de-listed.

Attachment 3

CBOT Rulebook
Chapter 13A. Options on Soybean Meal Futures
Rule 13A01. OPTIONS CHARACTERISTICS

13A01.I. Termination of Trading

[~~Subject to the provisions of Rule 13A01.D., no trades in Soybean Meal futures options expiring in the current month shall be made after the close of the open outcry trading session for the corresponding Soybean Meal futures contract on the last Friday which precedes by at least two business days, the last business day of the month preceding the option month. If such Friday is not a business day, the last day of trading shall be the business day prior to such Friday.~~]

13A01.I.1. Standard and Serial Options

The last day of trading in any standard or serial option for expiry in a given month shall be the last Friday which precedes by at least two business days the last business day of the calendar month preceding such option's named expiry month. If such Friday is not a business day, then the last day of trading in such option shall be the business day prior to such Friday.

On their last day of trading, expiring standard or serial options shall cease trading at the close of the open outcry trading session for the corresponding Soybean Meal futures contract, subject to the provisions of Rule 13A01.D.

13A01.I.2. Weekly Options

Any weekly option shall be designated to expire on a given Friday, provided however that no weekly option shall be designated to expire on any Friday that is also the last day of trading in a standard or serial option (Rule 13A01.I.1.). Trading in any weekly option shall terminate on the Friday on which such option is designated to expire. If such Friday is not a business day, then trading in weekly options designated for expiration on such Friday shall terminate on the business day prior to such Friday.

On their last day of trading, expiring weekly options shall cease trading at the close of the open outcry trading session for the corresponding Soybean Meal futures contract, subject to the provisions of Rule 13A01.D.

13A01.I.3. Trading in Underlying Futures

In the event that the underlying futures market does not open on a day scheduled for option expiration, such option expiration shall occur on the next day on which the underlying futures market opens for trading.

Attachment 4

CBOT Rulebook
Chapter 13A. Options on Soybean Meal Futures
Rule 13A01. OPTIONS CHARACTERISTICS

13A01.E. Exercise Prices

Trading shall be conducted for **standard and serial** put and call options with striking prices (the "strikes") in integral multiples of five (5) dollars per ton per Soybean Meal futures contract for all strikes less than two hundred dollars and in integral multiples of ten (10) dollars per ton per Soybean Meal futures contract for all strikes greater than or equal to two hundred dollars as follows:

1.

a. At the commencement of trading for each option contract, the Exchange shall list a strike closest to the previous day's settlement price of the underlying Soybean Meal futures contract (the at-the-money strike), and strikes in a range of 50 percent above and below the at-the-money strike. If the previous day's settlement price is midway between two strikes, the at-the-money strike shall be the larger of the two.

b. Over time, strikes shall be added as necessary to ensure that all strikes within 50 percent of the previous day's settlement price in the underlying futures are listed.

2.

a. **For weekly options and for standard and serial** option months the business day they become the first listed month, the Exchange shall list a strike closest to the previous day's settlement price of the underlying Soybean Meal futures contract (the at-the-money strike), and strikes in integral multiples of five dollars in a range of 50 percent above and below the at-the-money strike. If the previous day's settlement price is midway between two strikes, the at-the-money strike shall be the larger of the two.

b. Over time, new 5 dollar strike prices shall be added to ensure that all strikes within 50 percent of the previous day's settlement price in the underlying futures are listed.

3. All strikes will be listed prior to the opening of trading on the following business day. Upon demand and at the discretion of the Exchange, new out-of-current-range strike prices at regularly defined intervals may be added for trading on as soon as possible basis. The Exchange may modify the procedures for the introduction of strikes as it deems appropriate in order to respond to market conditions. As new strikes are added, existing strikes outside the newly determined strike ranges without open interest may be de-listed.