



10801 Mastin Avenue
Suite 800
Overland Park, KS 66210
913-338-1474
800-487-1474
Fax: 913-338-2999
www.scoular.com

October 3, 2008

David A. Stawick, Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street N.W.
Washington, D.C. 20581

RE: Implementation of Changes to CBT Wheat Futures Contract

Dear Mr. Stawick:

The Scoular Company appreciates the opportunity to provide comment on the Commodity Futures Trading Commission's Release 5541-08 dated September 9, 2008 regarding the Chicago Board of Trade's request from the Commission to implement rule changes to the CBT wheat futures contract. *Please see the news release on Page 5 for more information.*

We are pleased to see the CBT address concerns raised over the past two years in regard to the wheat futures contract, specifically the lack of convergence between cash and futures at contract expiration. In concept, we support all three of the proposed rule changes—new wheat delivery territories, seasonal premium storage charges, and reduction of the vomitoxin level for par delivery from 3 parts per million (ppm) to 2 ppm.

However, while increasing both the number and the location of delivery elevators will improve convergence, the CBT's recommendation to add facilities from below St. Louis only to Memphis is an incomplete solution, isolating for no purpose the lower Mississippi River. This area is equally tributary to the Gulf and should be as well served by the CBT wheat contract as areas to the north. Therefore, we believe that delivery elevators should also be added below Memphis to Greenville, MS, which will improve convergence in the entire lower river market.

There are three important reasons for modifying the CBT's recommendation to include additional delivery elevators on the Mississippi River from Memphis to Greenville, MS: 1) Increased soft wheat production in the Delta region; 2) wide basis levels in the Delta; and 3) additional independent market players operating barge facilities south of Memphis.

Increasing Soft Wheat Production.

During the past few years, rapid increases in soft wheat acreage and consequently increasing soft wheat production in the Mississippi Delta have created a significant need for a viable market that extends beyond Memphis to the south. Adding delivery elevators south of Memphis would significantly improve convergence in this area of growing soft wheat production.

This growth in soft wheat production is illustrated by USDA data showing that in 2008 Arkansas and Mississippi produced 85.9 million bushels of soft wheat, approximately 14 percent of total U.S. soft wheat production and an 85% increase over 2007 production. In 2007, approximately 23.4 million bushels of soft wheat was produced in a 17-county area tributary to barge loading facilities located from 30 miles south of Memphis to Greenville, MS. County data is not yet available for 2008, but if these counties also experienced an 85% increase, their 2008 production was 43.2 million bushels. *Please see the draw territory map and the acreage and production chart on Page 3 for more information.*

Wide Basis Levels.

The new locations proposed to become regular for delivery leave basis levels in the Delta subject to downside potential as world values and CBT values diverge. By way of illustration, basis levels at barge loading facilities on the Mississippi River south of Memphis, in June 2008, ranged from \$1.75 to \$2.42 under the CBT July 2008 wheat contract.

Additional Delivery Market Players.

Adding barge loading facilities south of Memphis as delivery elevators will also increase the number of firms with space regular for delivery, giving all the river market players equal access to effective hedging tools. Data provided to Scoular by the CME Group shows that 56.5 millions bushels, or 70% of the proposed deliverable space, is held by just three firms. This concentration can be easily and substantially reduced by adding delivery elevators farther south on the Mississippi River.

By including river points from Memphis south to Greenville, MS in the new delivery territory, the CFTC would add 11 more delivery elevators with capacity of 24.4 million bushels, three of which would be operated by firms new to the delivery system. *Please see the map on Page 4 for more information.*

In closing, The Scoular Company supports in concept the three rule changes proposed to the CBT wheat futures contract. For reasons given above however, Scoular respectfully suggests that the Commission deny its approval for CBT's delivery proposal unless it is amended to include barge loading facilities on the Mississippi River from St. Louis to Greenville, MS, rather than arbitrarily ending at Memphis.

Sincerely,

THE SCOULAR COMPANY

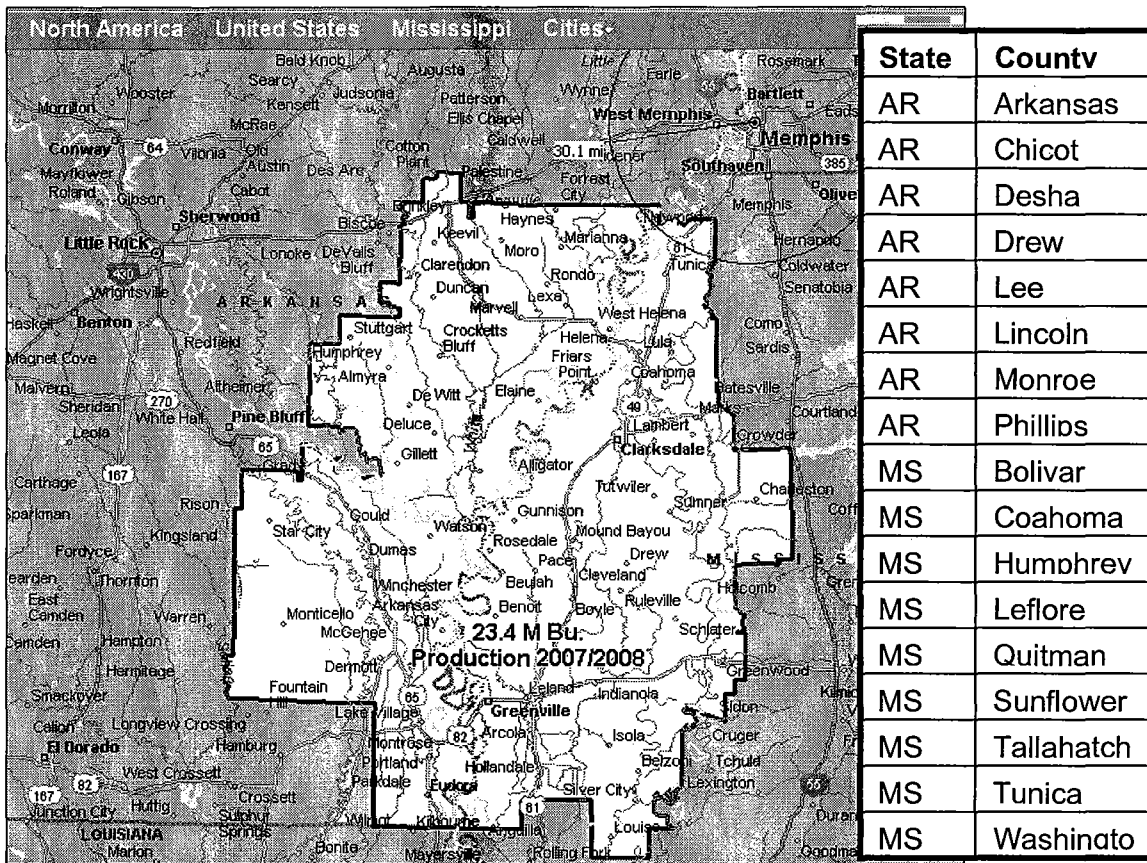
By

Robert E. Ludington
Chief Operating Officer
<mailto:rludington@scoular.com>

Soft Wheat Production Information Referenced on Page 1

(Go Back to Letter)

2007-08 Soft Wheat Produced in a 17-County Draw Area Tributary to Mississippi River Facilities Located 30 Miles South of Memphis to Greenville, MS



Arkansas and Mississippi Soft Wheat Acreage and Production, 2005-2008

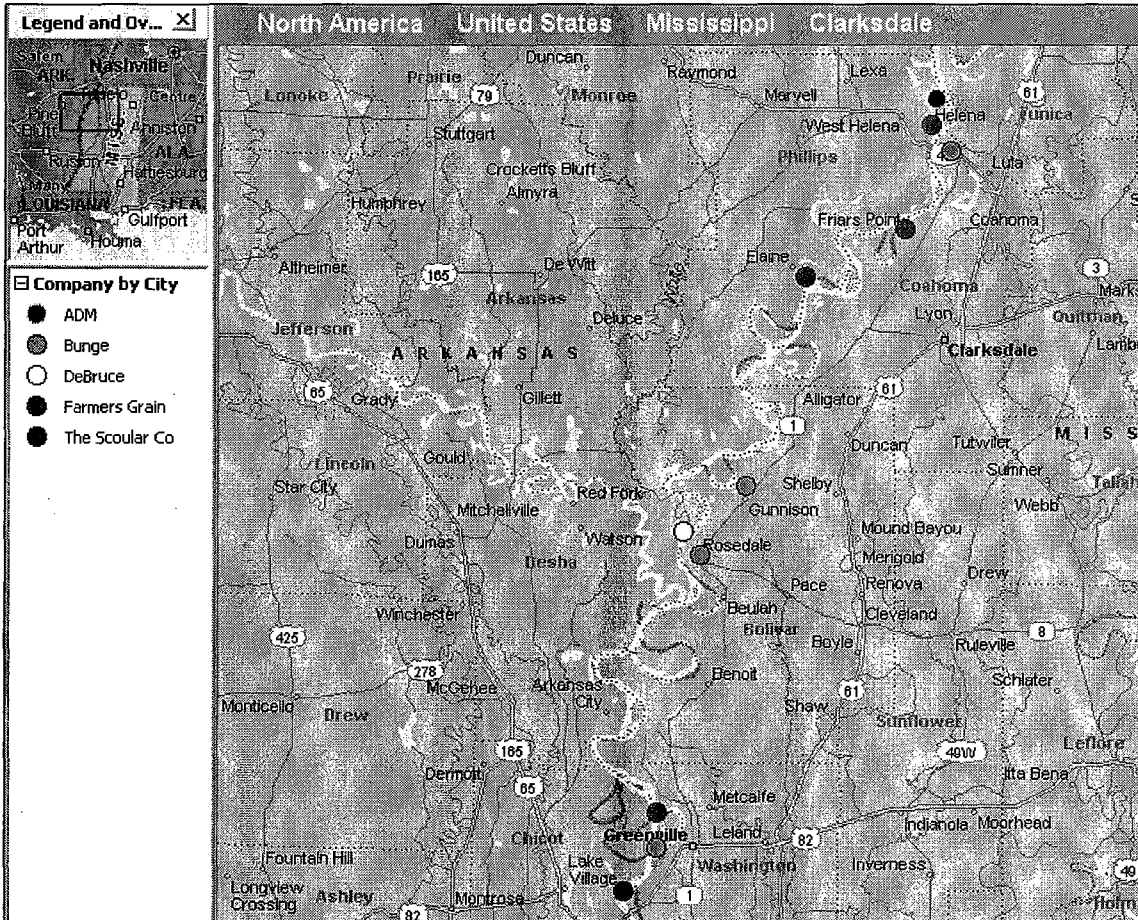
Year ¹	Arkansas Acres Planted	Arkansas Production In Bushels	Mississippi Acres Planted	Mississippi Production (Bushels)	Total US Production In Bushels
2005	220,000	8,320,000	70,000	3,250,000	309,021,000
2006	365,000	18,605,000	85,000	4,307,000	390,165,000
2007	820,000	28,700,000	370,000	18,480,000	357,897,000
2008	1,070,000	55,860,000	520,000	30,070,000	613,578,000

¹ The year shown is the year in which the bushels were harvested. (I.e. In AR, 220,000 acres were planted in fall of 2004, yielding 8,320,000 bushels in the 2005 harvest.)

Additional Delivery Elevators Information Referenced on Page 2

(Go Back to Letter)

Mississippi and Arkansas River Points South of Memphis to Greenville, MS



Company	City	Storage (Bushels)	State
ADM	Helena	1.6 Million	AR
Bunge	Helena	2.3 Million	AR
Scouler	Helena	0.6 Million	AR
Scouler	Friar's Point	1.4 Million	MS
Scouler	Elaine	1.2 Million	AR
Bunge	Gunnison (Hurricane Pt.)	1.1 Million	MS
DeBruce	Rosedale	0.8 Million	MS
Bunge	Rosedale	3.6 Million	MS
Bunge	Greenville	2.3 Million	MS
Farmer's Grain	Greenville	8.0 Million	MS
Farmer's Grain	Lake Village	1.5 Million	MS

Release: 5541-08

For Release: September 9, 2008

(Go Back to Letter)

CFTC Seeks Public Comment on Request by Chicago Board of Trade to Amend its Wheat Futures Contract

Washington, DC – The Commodity Futures Trading Commission (CFTC) is requesting public comment on proposed amendments submitted by the Chicago Board of Trade (CBT) to its wheat futures contract.

The proposed amendments add new delivery territories, including shuttle train loading facilities in a 12-county area of Northwest Ohio at a 20 cent per bushel discount, barge loading facilities on the Ohio River from Cincinnati to the Mississippi River at par, and barge loading facilities on the Mississippi River below St. Louis to Memphis at a 20 cent per bushel premium. The proposed amendments establish a seasonal storage premium charge of eight cents per bushel per month from July through November (the storage premium charge will remain five cents per bushel per month at all other times). Finally, the amendments reduce the vomitoxin level for par delivery from three parts per million (ppm) to two ppm. The amendments adding delivery territories and introducing a higher seasonal premium rate will become effective for the July 2009 contract, and the new vomitoxin specification will become effective for the September 2011 contract.

The proposed changes, according to the CBT, are intended to address concerns raised over the past two years by market participants about the wheat futures contract, especially the lack of cash/futures convergence at contract expiration.

Comments should be received on or before October 3, 2008.

Comments may be submitted electronically to secretary@cftc.gov. All comments will be posted on the CFTC's website.

Last Updated: September 9, 2008