

## Special Executive Report

**S-4710**

**May 15, 2008**

### **INCREASES IN CORN AND SOYBEAN PREMIUM CHARGES AND LOADOUT CHARGES**

Premium (storage) charges in Corn and Soybean futures will increase from 15/100s of one cent per bushel per day (approximately 4.5 cents per bushel per month) to 16.5/100s of one cent per bushel per day (approximately 5 cents per bushel per month). In addition, load-out charges in Corn and Soybean futures will increase from 4 cents per bushel to 6 cents per bushel. These increases to premium and load-out charges in CBOT Corn and Soybean futures will be implemented with the November 2008 Soybean futures contract and the December 2008 Corn futures contract.

An increase in the CBOT Corn and Soybean premium charge from 15/100s to 16.5/100s of one cent per bushel per day will better reflect cash market storage rates and will be consistent with wheat storage charges that will change to 16.5/100s of one cent per bushel per day in July. Similarly, increasing the load-out charge to 6 cents will better reflect the increased elevation costs faced by grain elevators as well as bring corn and soybeans in line with load-out charges in wheat futures. Together both of these changes will likely improve the performance of the Corn and Soybean futures contracts by better reflecting the underlying cash markets.

The text of the rule amendments is given below, with additions underlined and deletions bracketed and overstruck:

#### **703.C. Load-Out**

##### **A. Load-Out Procedures for Grains**

1. Corn, Wheat, Oats and Soybeans; An operator of a regular facility has the obligation to load grain represented by shipping certificates giving preference to takers of delivery. When an operator of a facility regular for the delivery of grain receives one or more written loading orders for loading of grain against canceled shipping certificates, the operator shall be required to load out grain beginning on the third business day following receipt of such loading orders or one business day after a conveyance of the type identified in the loading orders is constructively placed, whichever occurs later. When loadings against written loading orders cannot be completed on the fourth business day following their receipt, the operator shall continue loading

against such loading orders on each business day thereafter. All warehousemen and shippers shall outload grain against canceled delivery instruments consecutively without giving preference based on the type of delivery instrument, kind of grain or mode of transportation. A warehouseman or shipper shall outload all such products in the order in which suitable transportation, clean and ready to load is constructively placed at its facility by the holder of the shipping certificate, pursuant to bona fide loading orders previously received, and at the loading rates provided in 703.C.(B).

2. It shall be the responsibility of the shipping certificate holder to supply suitable transportation. Hopper cars shall be considered suitable transportation if they can be sampled by pelican in a manner approved by the appropriate grain sampling agency. Trucks and non-suitable hopper cars may be loaded only with the express agreement of the warehouseman.

Constructive placement at a warehouse or shipping station shall be defined as follows:

(a) Rail cars - as defined in the appropriate Railroad Freight Tariff on file with the Interstate Commerce Commission;

(b) Barges - Positioned at an appropriate fleet service serving the designated delivery point as defined by the Barge Freight Trading Rules (Affreightment) of the National Grain and Feed Association;

(c) Vessels - In possession of the appropriate Federal Grain Inspection Service and/or National Cargo Bureau documents certifying readiness to accept load-out at the designated delivery point.

It shall be the responsibility of the holder of the shipping certificate to request the warehouseman to arrange for all necessary Federal Grain Inspection Service and stevedoring service. The shipping certificate holder may specify the stevedoring service to be called. The warehouseman shall not be held responsible for non-availability of these services.

#### B. Load-Out Rates and Load-Out Charges for Grain

~~[The maximum premium for FOB conveyance on corn and soybean shipping certificates which have been tendered in satisfaction of Exchange futures contracts shall be 4 cents per bushel.]~~

The maximum premium for FOB conveyance on corn, soybean, wheat and Oat shipping certificates which have been tendered in satisfaction of Board of Trade futures contracts shall be 6 cents per bushel.

All fees for stevedoring services to load corn, wheat, and soybeans into barges are to be paid by the issuer of the shipping certificate. The premium for FOB conveyance is payable at the time of invoice.

#### **10108. PREMIUM CHARGES**

To be valid for delivery on futures contracts, all shipping certificates covering corn under obligation for shipment must indicate the applicable premium charge. No shipping certificates shall be valid for delivery on Corn futures contracts unless the premium charges on such corn shall have been paid up to and including the 18th calendar day of the preceding month, and such payment is endorsed on the shipping certificate. Unpaid accumulated premium charges at the posted rate applicable to the facility shall be allowed and credited to the buyer by the seller up to and including the date of delivery.

The premium charges on corn shall not exceed [~~15/100~~] 16.5/100 of one cent per bushel per day.

#### **11108. PREMIUM CHARGES**

To be valid for delivery on futures contracts, all shipping certificates covering soybeans under obligation for shipment must indicate the applicable premium charge. No shipping certificates shall be valid for delivery on soybean futures contracts unless the premium charges on such soybeans shall have been paid up to and including the 18th calendar day of the preceding month, and such payment is endorsed on the shipping certificate. Unpaid accumulated premium charges at the posted rate applicable to the facility shall be allowed and credited to the buyer by the seller up to and including date of delivery.

The premium charges on soybeans shall not exceed [~~15/100~~] 16.5/100 of one cent per bushel per day.