

Special Executive Report

S-4741

August 1, 2008

IMPLEMENTATION OF REDUCED VOMITOXIN SPECIFICATION WITH THE SEPTEMBER 2009 CBOT WHEAT FUTURES CONTRACT

The CFTC approved on 5/14/2007 a reduction in the vomitoxin specification from 4 parts per million (ppm) to 3 ppm for par deliveries on CBOT Wheat futures contracts effective with the September 2009 contract. The current update specifies how the 3 ppm specification will be implemented. Effective with the September 2009 and subsequent deliveries, pending CFTC approval, Shipping Certificates delivered in satisfaction of Wheat futures contracts will be marked as either 3 parts per million or fewer vomitoxin or 4 parts per million or fewer vomitoxin. Shipping Certificates marked as 3 parts per million or fewer vomitoxin will be delivered at contract price, while Shipping Certificates marked as 4 parts per million or fewer vomitoxin will be delivered at a 12 cent per bushel discount. Shipping Certificates issued by Regular Facilities prior to the September 2009 delivery period will be marked as 4 parts per million or fewer vomitoxin.

Previous notices were issued on 5/16/07 here:
http://www.cbot.com/cbot/pub/cont_detail/0,3206,1032+47942,00.html and on 6/5/08
here: <http://www.cmegroup.com/company/membership/membernet/files/20080609S-4720.pdf>.

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

Rule 14104. GRADES / GRADE DIFFERENTIALS

Effective September 1, 2009, **all wheat shipping certificates shall be marked as either 3 parts per million deoxynivalenol (vomitoxin) or 4 parts per million vomitoxin. Shipping certificates marked as 3 parts per million vomitoxin shall be delivered at contract price, while shipping certificates marked as 4 parts per million shall be delivered at a 12 cent per bushel discount.** [a] **A** taker of delivery of wheat shall have the option to request in writing [~~deoxynivalenol~~] [~~(vomitoxin)~~] testing. At the taker's expense, a determination of the level of vomitoxin shall be made at the point of load-out by the Federal Grain Inspection Service or by a

third party inspection service which is mutually agreeable to the maker and taker of delivery. **Regular facilities shall load out wheat containing unit** [Unit] average testing results of 3 parts per million vomitoxin or below **for canceled shipping certificates marked as 3 parts per million and** [shall be at contract price.] **shall load out wheat containing unit** [Unit] average testing results of 4 parts per million vomitoxin **or below for canceled shipping certificates marked as 4 parts per million.** [shall be at a 12-cent discount. Unit average testing results greater than 4 parts per million are not deliverable.]

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