

Special Executive Report

S-4756

September 5, 2008

PROPOSED CHANGES TO WHEAT FUTURES CONTRACTS

The Exchange has approved changes in the Wheat futures contract which are designed to improve cash-futures convergence at futures expiration and enhance hedging effectiveness.

Pending Commodity Futures Trading Commission approval, the following changes to the Wheat futures contract will be implemented:

1. Add three new wheat delivery territories at “safety valve” differentials. The territories include shuttle train loading facilities in a 12-county area of Northwest Ohio; barge loading facilities on the Ohio River from Cincinnati to the Mississippi River; and barge loading facilities on the Mississippi River from below St. Louis to Memphis. Northwest Ohio locations will be added at a 20 cent per bushel discount; Ohio River locations at par; and Mississippi River locations at a 20 cent per bushel premium.
2. Introduce seasonal storage charges to the contract. Storage charges will be increased during the period from July through November to 8 cents per bushel per month. During the remainder of the crop year from December through June, storage charges will remain at their current level of 5 cents per bushel per month.
3. Reduce the vomitoxin level for par delivery from 3 parts per million (ppm) to 2 ppm. Wheat containing 3 ppm vomitoxin will continue to be deliverable at a 12 cent per bushel discount and wheat containing 4 ppm vomitoxin will continue to be deliverable at a 24 cent per bushel discount.

Pending Commodity Futures Trading Commission approval, the new delivery territories and the seasonal storage rates will be implemented with the July 2009 Wheat futures contract and the new vomitoxin specification will be implemented with the September 2011 Wheat futures contract (the reduction from 4 ppm to 3 ppm is scheduled to be implemented with the September 2009 contract).

In addition, CME Group will continue its active dialogue with individual market participants, relevant trade associations and the CFTC to determine if additional contract changes are necessary.

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

703. REGULAR WAREHOUSES AND SHIPPING STATIONS

703.A. Conditions for Approval

Warehouses or shipping stations (hereafter "facilities") may be declared regular for delivery with the approval of the Exchange. Persons operating facilities who desire to have such facilities made regular for delivery under the rules shall make application for an initial Declaration of Regularity on a form prescribed by the Exchange prior to May 1 of an even-numbered year (an odd-numbered year for Ethanol and South American Soybeans), for a two-year term beginning July 1 of that year, and at any time during a current term for the balance of that term.

Applications for a renewal of regularity shall be made prior to May 1 of even-numbered years (oddnumbered years for Ethanol and South American Soybeans) for the respective years beginning July 1 of those years, and shall be on the same form.

Facilities that desire to increase their regular capacity during a current term shall make application for the desired amount of total regular capacity on the same form.

Initial regularity and increases in regularity shall be effective either thirty days after the Exchange posts a notice that a bona fide application has been received or the day after the application is approved by the Exchange, whichever is later.

Facilities regular for delivery of Corn, Soybeans, South American Soybeans, Soybean Oil, Soybean Meal, [ø] Denatured Fuel Ethanol, **or Wheat facilities in the St. Louis-East St. Louis and Alton Switching District, on the Ohio River, or on the Mississippi River** that desire to have their daily rate of loading decreased shall file with the Exchange a written request for such decrease at which time a notice will be posted by the Exchange. The decrease in the daily rate of loading for the facility will become effective thirty days after a notice has been posted by the Exchange or the day after the number of outstanding certificates or receipts at the facility is equal to or less than 20 times the requested rate of loading (15 times the requested rate of loading for Soybean Meal and Denatured Fuel Ethanol), whichever is later.

Regular facilities that wish to have their regular capacity space decreased shall file with the Exchange a written request for such decrease and such decrease shall become effective once a notice has been posted by the Exchange.

The Exchange may establish such requirements and conditions for approval of regularity as it deems necessary. The application for regularity prescribed by the Exchange shall set forth conditions of regularity as well as other agreements with which the operator of the regular facility shall comply. In addition to any conditions and agreements contained in such application or in the relevant product chapter, the following shall constitute conditions for regularity and requirements with which the operator of a regular facility shall comply:

- (1) The facility making application shall be inspected by the Exchange, the United States Department of Agriculture, or other government agency, as applicable. Where application is made to list as regular a facility which is not regular at the time of such application, the applicant may be required to remove all product from the facility and permit the facility to be inspected and the product graded, after which such product may be returned to the facility.
- (2) The operator of such facility shall be in good financial standing and credit, and shall meet the minimum financial requirements and financial reporting requirements set forth in Rule 720. No facility shall be declared regular until the person operating the facility files a bond and/or designated letter of credit with sufficient sureties, or deposits with the Exchange, treasury securities, or other collateral deemed acceptable to the Exchange, in such sum and subject to such conditions as the Exchange may require. Any such sums shall be reduced by SEC haircuts, as specified in SEC Rule 15c3-1(c)(2)(vi), (vii) and (viii). If the facility deposits treasury securities or any other collateral with the Exchange, it must execute a security agreement on a form prescribed by the Exchange.
- (3) The facility shall be provided with modern improvements and appliances for the convenient and expeditious receiving, handling and shipping of product in bulk.
- (4) The operator of the facility shall comply with the system of registration of warehouse receipts or shipping certificates as established by the Exchange.
- (5) The operator of the facility shall furnish accurate information to the Exchange regarding all product received and delivered by the facility on a daily basis and/or that product remaining in store at the close of each week, as required by the Exchange.
- (6) The operator of the facility shall promptly advise the Registrar of any damage to product held in store by it, whenever such damage shall occur to an extent that will render the product undeliverable.
- (7) The operator of the facility shall permit the Exchange, at any time, to examine the books and records of the facility, for the purpose of ascertaining the stocks of all kinds of product which may be on hand. The Exchange shall have the authority to determine the quantity of product in the facility and to compare the books and records of the facility with the records of the Exchange.
- (8) The operator of the facility shall make such reports, keep such records and permit such facility visitation as the Exchange, the Commodity Futures Trading Commission or any other applicable government agency may require.
- (9) The operator of the facility shall give assurance that all product tendered in satisfaction of futures contracts shall be weighed, as applicable, under the supervision of a party approved by the Exchange.
- (10) The operator of the facility shall not engage in unethical or inequitable practices, and shall comply with all applicable federal or state statutes, rules or regulations.

(11) Persons operating regular facilities shall be subject to the Exchange's Rules, the disciplinary procedures set forth in Chapter 4, and the arbitration procedures set forth in Chapter 6, and shall abide by and comply with the terms of any disciplinary decision imposed or any arbitration award issued against it pursuant to the Exchange's Rules.

(12) Persons operating regular facilities shall consent to the disciplinary jurisdiction of the Exchange for five years after such regularity lapses, for conduct which occurred while the facility was regular.

The Exchange, in its sole discretion, may determine not to approve facilities for regularity, or for increases in regular capacity of existing regular facilities, regardless of whether such facilities meet the preceding requirements and conditions. Some factors that the Exchange may, but is not required to, consider in exercising its discretion include, among others, whether receipts or shipping certificates issued by such facilities, if tendered in satisfaction of futures contracts, might be expected to adversely affect the price discovery function of futures contracts or impair the efficacy of futures trading in the relevant market, or whether the currently approved regular capacity provides for an adequate deliverable supply.

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 fleeting 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 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.

In the event a regular facility receives written loading orders for load-out of grain against canceled shipping certificates, the warehouseman or shipper shall be required to load out grain beginning on the third business day following receipt of such loading orders or on the day after a conveyance of the type identified in the loading orders is constructively placed, whichever occurs later.

The rate of load-out for regular facilities in Minneapolis-St. Paul (and Duluth-Superior effective September 2008) shall be at the normal rate of load-out for the facility. The load-out rate for shipping stations in Toledo shall depend on the conveyance and shall not be less than the following, per business day:

	(When certificate holder requests in writing individual weights and grades per car load)	(When certificate holder requests in writing unit average weights and grades) ¹	Vessel
Shippers with Regular Capacity greater than 700 Certificates	50 Hopper Cars ²	65 Hopper Cars	300,000 Bushels
Shippers with Regular Capacity less than or equal to 700 Certificates	25 Hopper Cars	33 Hopper Cars	300,000 Bushels

The load-out rate for regular facilities in Chicago and Burns Harbor ~~[and for wheat shipping stations in St. Louis]~~ shall depend on the conveyance and type of grain being loaded and shall not be less than the following per business day:

	(When certificate holder requests in writing individual weights and grades per car load)	(When certificate holder requests in writing batch weights and grades) ³	(When certificate holder requests in writing unit average weights and grades)	Vessel	Barge
Corn, Soybeans	25 Hopper Cars	35 Hopper Cars	N/A	300,000 Bushels	3 Barges
Wheat	25 Hopper Cars	35 Hopper Cars	45 Hopper Cars	300,000 Bushels	3 Barges
Oats	15 Hopper Cars	20 Hopper Cars		180,000 Bushels	2 Barges

The load-out rate for regular Wheat facilities in the Northwest Ohio territory shall not be less than the following per business day:

	<u>(When certificate holder requests in writing individual weights and grades per car load)</u>	<u>(When certificate holder requests in writing unit average weights and grades)</u>
<u>Wheat</u>	<u>65 Hopper Cars</u>	<u>75 Hopper Cars</u>

1 Unit average weight and grade shall refer to a buyer's request in writing for average weight and average grade per unit rail shipment.

2 Minimum load-out rates per hopper car shall refer to 4750 cu. ft. grain cars.

3 A batch weight and grade shall refer to a buyer's request in writing for 1 weight and 1 grade per 5 rail cars.

The load-out rate for regular Wheat facilities in the St. Louis-East St. Louis and Alton Switching District and on the Ohio and Mississippi Rivers shall not be less than one (1) barge per business day.

Barge load-out rates for corn, ~~[and] soybeans, and wheat in facilities in the St. Louis-East St. Louis and Alton Switching District and on the Ohio and Mississippi Rivers~~ will be at the shipping station's registered daily rate of loading. When wheat and corn or soybeans, or when oats and corn or soybeans are in the lineup for loading, the higher loading rate will apply for total barge loadings on that day. However, a warehouseman or shipper is not obligated to load barges of one type of grain that exceeds the daily barge loading rate for that type of grain. Corn

and soybeans are considered one type of grain for purposes of this rule pertaining to barge loading rates.

Regular facilities shall not be required to meet these minimum load-out rates when transportation has not been actually placed at the warehouse, transportation equipment is not clean and load ready, inspection services are not available, a condition of force majeure exists, inclement weather, including severe ice conditions, prevents loading, or stevedoring services are not available in the case of water conveyance. However, the exceptions to load-out requirements shall not include grains or soybeans which have not made grade. If precluded from loading when equipment is available, the warehouseman or shipper shall notify the owner by 10:00 a.m. the following business day.

In addition, regular facilities in Toledo, Minneapolis-St. Paul (and Duluth-Superior effective September 2008) shall not be required to meet the minimum load-out rate for a conveyance when a "like" conveyance has been constructively placed for load-in prior to the "like" conveyance for load-out. However, when a conveyance for load-out is constructively placed after a "like" conveyance for load-in, the facility will load-in grain from the "like" conveyance at the normal rate of load-in for the facility. This rate of load-in shall depend on the conveyance(s) being unloaded and shall not be less than the following minimums per business day:
Rail Conveyance or Water Conveyance

	Rail Conveyance or Water Conveyance		
		Vessel or	Barge
Wheat, Corn, Soybeans	35 Hopper Cars	50,000 Bushels	1 Barge
Oats	20 Hopper Cars	50,000 Bushels	1 Barge

Regular facilities shall not be required to meet these minimum load-in rates when a condition of force majeure exists, inspection services are not available, inclement weather prevents unloading, or stevedoring services are not available in the case of water conveyance.

Any increased overtime costs and charges for trimming and FGIS to meet minimum load-out requirements shall be borne by the facility.

Vessel loading shall require three days pre-advice to the regular facility prior to the date of arrival of the vessel. Failure to provide pre-advice may delay loading by the same number of days pre-advice is delayed prior to the date of arrival of the vessel.

Inability of a shipping certificate holder to provide conveyance at a regular facility in a timely manner will affect load-out of barges accordingly.

For purposes of this rule, vessels and barges are "like" conveyances.

C. Notification to Regular Facilities

The operator of the regular facility shall load-in and load-out grains in the order and manner provided in parts A and B of this Rule 703.C., except that its obligation to load-out grain to a given party shall commence no sooner than three business days after it receives cancelled warehouse receipts or shipping certificates and written loading orders from such party, even if such party may have a conveyance positioned to accept load-out of grain before that time. If the party taking delivery presents transportation equipment of a different type (rail, barge, or vessel) than that specified in the loading orders, he is required to provide the operator of the regular facility with new loading orders, and the operator of the facility shall be obligated to load-out grain to such party no sooner than three business days after it receives the new loading orders. Written loading orders received after 2:00 p.m. (Chicago time) on a given business day shall be deemed to be received on the following business day. Warehouse receipts or shipping certificates cancelled after 4:00 p.m. shall be deemed to be cancelled on the following business day. Written loading orders must be received no later than two business days after warehouse receipts/shipping certificates are cancelled. If the owner decides against loading out grain within two business days after receipts or certificates are cancelled, he may notify the warehouseman/shipper that warehouse receipts or shipping certificates are to be re-issued. In the case of rice, if the warehouseman is notified by 12:00 noon, re-issued receipts shall be deliverable by 4:00 p.m. the following business day. Requests to re-issue receipts or certificates more than two business days after receipts or certificates are cancelled are subject to mutual agreement. All fees for reissuance are payable by the owner.

The warehouseman/shipper shall transmit to the Registrar by 11:00 a.m. the name, location of regular facility, and number of delivery vessels/barges/rail cars constructively placed that day. The Registrar shall maintain a current record of the number of delivery vessels/barges/rail cars constructively placed and shall be responsible for posting this record on the Exchange website.

D. Premium Charges

Premium charges for corn, wheat, oats and soybeans to be shipped pursuant to loading orders shall cease on the business day loading is complete.

E. Records

All warehousemen and shippers shall keep adequate permanent records showing compliance with the requirements of this rule. Such records shall at all times be open for inspection by the Exchange.

F. Certification of Corn, Soybeans and Wheat

Upon written request by a taker of delivery at the time loading orders are submitted for the delivery of corn, soybeans or wheat against canceled shipping certificates, the regular facility shall certify in writing to the taker of delivery on the day that the transportation conveyance is loaded that the grain is of U.S. origin only.

G. Barge Load-Out Procedures for Corn, [and] Soybeans, and Wheat at facilities in the St. Louis-East St. Louis and Alton Switching District and on the Ohio and Mississippi Rivers

When corn, ~~or~~ soybeans, or wheat at facilities in the St. Louis-East St. Louis and Alton Switching District and on the Ohio and Mississippi Rivers represented by shipping certificates are ordered out for shipment by water conveyance, the regular shipper has the obligation to load-out grain at his registered daily rate of loading. The shipper's obligation to a party shall begin no sooner than three business days after it receives canceled certificates and written loading orders from the party or one business day after the constructive placement of the water conveyance, whichever is later.

(1) All loading orders and shipping instructions received by 2:00 p.m. on a given business day shall be considered dated that day. Orders received after 2:00 p.m. on a business day shall be considered dated the following business day. "To be nominated" (TBN) barge identities are acceptable in loading orders. Load-out shall be in the order in which barge equipment clean and ready to load is constructively placed at the appropriate fleeting service serving the designated delivery point. Load-out of transportation constructively placed on the same day shall be in the order in which loading orders and shipping instructions were received. Notification to the shipper of loading orders and shipping instructions must be in writing.

(2) When loading orders and shipping instructions are received by 2:00 p.m. on any given business day, the shipper will advise the owner by 10:00 a.m. the following business day of the scheduled loading dates. Scheduled loading dates are estimated based on constructively placed equipment and current loading orders. These dates are subject to change if conditions covered in Rule 703.C.(G)(5) preclude the shipper from meeting its minimum daily barge load-out rate or if barges for subsequent loading orders are constructively placed. Notification will be by telephone, email, or fax to the owner. The shipper is required to provide scheduled loading dates at owner's request.

(3) Official grades as loaded into the water conveyance shall govern for delivery purposes.

(4) Official weights as loaded into the barge shall govern for delivery purposes when available. When official weights are available at the shipping station, the shipping certificates are considered a minimum/maximum quantity with overfills/underfills settled by mutual agreement. When official weights as loaded into the barge are not available, it is the responsibility of the taker to obtain official weights at the destination. Any other governing weights and methods of obtaining weights and any such other information on the weighing process must be mutually accepted by the maker and taker of delivery before the barge is loaded. When the official weight becomes known for a barge, overfills and underfills will be settled at the market value, expressed as a basis, for grain FOB barge at the barge loading station on the day that the grain is loaded. Before the barge is loaded, the taker and maker of delivery will agree on a basis over or under the nearby futures at which overfills and underfills will be settled. On the day that the weight tolerance becomes known to both parties, the flat price settlement will be established by applying the basis to the nearby futures month settlement price on the day of unloading or the day of loading if origin weights are used. If the day of unloading is the last trading day in the nearby futures month, the next following futures month will be used for settlement. If the day of unloading is not a business day, the next following business day will be used to establish the flat price. In order to convert the agreed upon basis on the day that the grain was loaded to a basis relative to the current nearby futures month, the futures spread on the day of loading will be used, provided that, the nearby futures did not close outside of the price limits set for all other

futures months. In this case, the spread on the first following business day that the nearby futures closed within the price limits applicable for all other futures months would be used.

(5) The shipper shall not be required to meet its minimum daily barge load-out rate when transportation has not been actually placed at the shipping station, transportation equipment is not clean and load ready, inspection services are not available, or inclement weather, including severe ice conditions, prevents loading. However, the exceptions to load-out requirements shall not include corn, [ø] soybeans, or wheat that have not made grade. If precluded from loading when equipment is available, the shipper shall notify the owner by 10:00 a.m. the following business day. Notification shall be by telephone, e-mail or fax to the owner.

(6) For Illinois Waterway barge loading at Burns Harbor, the following shall apply with respect to the protection of the Chicago barge rate and inclement weather:

When grain represented by shipping certificates is ordered out for shipment by a barge, it will be the obligation of the party making delivery to protect the barge freight rate from the Chicago Switching District (i.e. the party making delivery and located in the Burns Harbor Switching District will pay the party taking delivery an amount equal to all expenses for the movement of the barge from the Chicago Switching District, to the Burns Harbor Switching District and the return movement back to the Chicago Switching District).

If inclement weather conditions make the regular facility located in the Burns Harbor Switching District unavailable for barge loadings for a period of five or more calendar days, the party making delivery will make grain available on the day following this five calendar day period to load into a barge at one mutually agreeable water facility located in the Chicago Switching District; PROVIDED that the party making delivery is notified on the first day of that five-day period of inclement weather that the barge is available for movement but cannot be moved from the Chicago Switching District to the Burns Harbor Switching District, and is requested on the last day of this five calendar day period in which the barge cannot be moved.

When grain represented by shipping certificates is ordered out for shipment by vessel, and the party taking delivery is a recipient of a split delivery of grain between a regular facility located in Burns Harbor and a regular facility in Chicago, and the grain in the Chicago facility will be loaded onto this vessel; it will be the obligation of the party making delivery at the request of the party taking delivery to protect the holder of the shipping certificates against any additional charges resulting from loading at one berth in the Burns Harbor Switching District and at one berth in the Chicago Switching District as compared to a single berth loading at one location. The party making delivery, at his option, will either make the grain available at one water facility operated by the party making delivery and located in the Chicago Switching District for loading onto the vessel, make grain available at the facility in Burns Harbor upon the surrender of shipping certificates issued by other regular elevators or shipping stations located in the Chicago Switching District at the time vessel loading orders are issued, or compensate the party taking delivery in an amount equal to all applicable expenses, including demurrage charges, if any, for the movement of the vessel between a berth in the other switching district. On the day that the grain is ordered out for shipment by vessel, the party making delivery will declare the regular facility in which the grain will be available for loading.

(7) Any expense for making the grain available for loading on the Illinois Waterway, Ohio River, or Mississippi River will be borne by the party making delivery, provided that the taker of delivery constructively places barge equipment clean and ready to load within five (5) business days following the scheduled loading date of the barge on the Illinois Waterway, Ohio River, or Mississippi River. If the taker's barges are not constructively placed within five (5) business days following the scheduled loading date of the barge on the Illinois Waterway, Ohio River, or Mississippi River, the taker shall pay the shipper an amount not to exceed 30/100 of one cent per bushel per day multiplied by the number of calendar days from the fifth business day following the scheduled loading date to the date that the barge is constructively placed, including both dates, but excluding business days the shipper meets his minimum daily barge load-out rate. Requests to cancel loading instructions and re-issue shipping certificates more than two business days after shipping certificates are cancelled are subject to mutual agreement. All fees for re-issuance are payable by the owner.

(8) The shipper shall load water conveyance at the shipping station designated in the shipping certificate. If it becomes impossible to load at the designated shipping station for three (3) consecutive business days because of an Act of God, fire, flood, wind, explosion, war, embargo, civil commotion, sabotage, law, act of government, labor difficulties or other condition of force majeure, the shipper will arrange for water conveyance to be loaded at another regular shipping station in conformance with the shipping certificate and will compensate the owner for any transportation loss resulting from the change in the location of the shipping station. If the aforementioned condition of impossibility prevails at a majority of regular shipping stations, then shipment may be delayed for the number of days that such impossibility prevails at a majority of regular shipping stations. If conditions covered in this rule make it impossible to load at the designated shipping station, the shipper shall notify the Registrar's Office in writing of such condition within 24 hours of when the condition of impossibility began.

(9) In the event that it has been announced by the U.S. Coast Guard, after consulting with the Army Corps of Engineers and the River Industry Action Committee, that river traffic will be obstructed for a period of fifteen days or longer as a result of one of the conditions of impossibility listed in (8) above and in the event that the obstruction will affect a majority of regular shipping stations, then the following barge load-out procedures for corn, ~~and~~ soybeans, **and wheat at facilities in the St. Louis-East St. Louis and Alton Switching District and on the Ohio and Mississippi Rivers** shall apply to shipping stations upriver from the obstruction:

(a) The maker and taker of delivery may negotiate mutually agreeable terms of performance.
(b) If the maker and/or the taker elect not to negotiate mutually agreeable terms of performance, then the maker is obligated to provide the same quantity and like quality of grain pursuant to the terms of the shipping certificate(s) with the following exceptions and additional requirements:

(i) **For corn and soybeans, the [The] maker must provide loaded barge(s) to the taker on the Illinois River between the lowest closed lock and St. Louis, inclusive, or on the Mid-Mississippi River between Lock 11 at Dubuque, Iowa and St. Louis, inclusive. For wheat at Ohio River facilities, the maker must provide loaded barge(s) to the taker on the Ohio River between the lowest closed lock and the Mississippi River, inclusive, or on the Mid-Mississippi River between St. Louis and the Ohio River, inclusive. For wheat in the St. Louis-East St. Louis and Alton Switching District**

and at Mississippi River facilities, the maker must provide loaded barge(s) to the taker on the Mississippi River below the point of obstruction.

(ii) The loaded barge(s) provided to the taker must have a value equivalent to C.I.F. NOLA, with the maker of delivery responsible for the equivalent cost, insurance and freight.

(iii) The taker of delivery shall pay the maker 18 cents per bushel for Chicago and Burns Harbor Switching District shipping certificates, 16 cents per bushel for Lockport-Seneca District shipping certificates, 15½ cents per bushel for Ottawa-Chillicothe District shipping certificates, 15 cents per bushel for Peoria-Pekin District shipping certificates, [and,] for soybeans only, 14½ cents per bushel for Havana-Grafton District shipping certificates, **for wheat only, 18 cents per bushel for Ohio River shipping certificates, and 14 cents per bushel for St. Louis-East St. Louis and Alton Switching District and Mississippi River shipping certificates** as a reimbursement for the cost of barge freight.

(c) In the event that the obstruction or condition of impossibility listed in (8) above will affect a majority of regular shipping stations, but no announcement of the anticipated period of obstruction is made, then shipment may be delayed for the number of days that such impossibility prevails.

(10) In the event less than eleven shipping certificates of a like grade/quality are outstanding at a shipping station the owner of all such outstanding shipping certificates may cancel the shipping certificates and obligate the shipper to provide a market value at which the shipper will either buy back all the canceled shipping certificates or sell the balance of corn or soybeans of a like grade/quality to complete a barge loading of at least 55,000 bushels, the choice being at the discretion of the taker of delivery.

**INTERPRETATIONS & SPECIAL NOTICES
RELATING TO CHAPTER 7**

GRAIN LOAD-OUT PROCEDURES

The following is a general outline of procedures for the load-out of grain covered by CBOT registered warehouse receipts/shipping certificates. The procedures are based upon a combination of CBOT rules and trade practice. Where applicable, CBOT rules are cited.

1. Cancellation of the Warehouse Receipt/Shipping Certificate

a. To initiate the load-out process, the receipt/certificate holder, or owner, requests his clearing firm to cancel the warehouse receipt/shipping certificate at the CBOT Registrar's Office or requests load-out using the electronic form provided by the Clearing House's online system.

b. Warehouse receipts/shipping certificates cancelled after 4:00 p.m. shall be deemed to be cancelled on the following business day.

c. The next step for the owner of cancelled rice or oats warehouse receipts is to surrender the receipts to the regular warehouseman or its representative agent in Chicago. The agent must be a registered clearing member of the CBOT, be located in the vicinity of the CBOT and be

available during business hours (except Exchange holidays). Business hours are 8:00 a.m. - 4:30 p.m., Monday - Friday.

d. At this time, the warehouseman/shipper, at its option, may require the owner to pay storage/premium and insurance charges that have accumulated up to and including the date of surrender. (See items 6(a) and (b) below.) The warehouseman's/shipper's agent shall accept these payments during business hours.

e. At this time, the warehouseman, at its option, may also require the owner to pay the warehouseman or its agent a load-out fee of up to 6 cents per bushel. A fobbing charge of 4 cents per bushel was already paid at the time of delivery of corn and soybean shipping certificates. A fobbing charge of 6 cents per bushel was already paid at the time of delivery of wheat shipping certificates. (The maximum load-out/fobbing fee, subject to change, is 6 cents per bushel for receipts and wheat certificates and 4 cents per bushel for corn and soybean certificates.)

f. If the owner decides against loading out grain within two days after canceling warehouse receipts/shipping certificates, he may notify the warehouseman/shipper that warehouse receipts/shipping certificates are to be re-issued. In the case of rice or oats, if the warehouseman is notified by 12:00 noon, re-issued receipts shall be deliverable by 4:00 p.m. the following business day. Requests to re-issue receipts/shipping certificates more than two business days after receipts/shipping certificates are cancelled are subject to mutual agreement. All fees for re-issuance are payable by the owner.

g. The Registrar bills the owner's clearing firm a cancellation fee per receipt/certificate.

2. Submission of Written Loading Orders

a. The owner provides the warehouseman/shipper with written loading orders that identify the vessel, barge, or number of rail cars that will take delivery of the grain, and that specify the grade and estimated number of bushels to be loaded. "To be nominated" (TBN) barge identities are acceptable in loading orders.

b. Written loading orders must be received no later than two business days after warehouse receipts/shipping certificates are cancelled.

c. The owner will notify the warehouseman/shipper of loading orders. All loading orders received by 2:00 p.m. on a given business day shall be considered dated that day. Orders received after 2:00 p.m. on a business day shall be considered dated the following business day.

d. When loading orders are received by 2:00 p.m. of any given business day, the warehouseman/shipper will advise the owner by 10:00 a.m. the following business day of the scheduled loading dates and tonnage due. Notification of scheduled loading dates and any changes in scheduled loading dates will be by telephone, e-mail or telefax to the owner.

3. Arrangement of Transportation Conveyance

- a. Next, the owner arranges for proper conveyance of the grain to be loaded out with a carrier; the conveyance may be rail cars, barge, or vessel, and must be clean and ready-to-load.
- b. An owner requesting vessel load-out, having surrendered canceled receipts/certificates and tendered written loading orders to the warehouseman/shipper, is entitled to the warehouse's/shipper's current scheduled load-in and load-out lineups, provided the owner gives to the warehouseman/shipper the identity of the vessel and the estimated-time-of-arrival no more than 5 calendar days prior to constructive placement of the vessel.

In addition, an owner is entitled to receive updated information, upon request, on the warehouse's/shipping station's scheduled load-in and load-out lineups.

- c. The carrier or its agent notifies the warehouseman/shipper of the "constructive placement" of the conveyance. The term "constructive placement" is defined in CBOT Rule 703. Only the warehouseman/shipper can order the conveyance to the warehouse/shipping station for actual placement for loading.
- d. The warehouseman/shipper is not responsible for the failure of the carrier to present clean, ready-to-load conveyance to the warehouseman/shipper.

4. Request for Grain Inspection or Stevedoring Service

- a. The owner may, at his option and expense, request the warehouseman/shipper to arrange inspection and weighing service provided by the Federal Grain Inspection Service ("FGIS").
- b. In case of water load-out (barge or vessel), the owner should request the warehouseman/shipper to arrange stevedoring service. In this regard, the owner may designate to the warehouseman/shipper the stevedoring service he would like to use.
- c. The warehouseman/shipper does not control the availability of the FGIS and the stevedoring services.

5. Actual Load-Out

- a. The warehouseman/shipper shall transmit to the Registrar by 11:00 a.m. the name, location of warehouse/shipping facility, and number of delivery vessels/barges/rail cars constructively placed that day. The Registrar shall maintain a current record of the number of delivery vessels/barges/rail cars constructively placed and shall be responsible for posting this record on the Exchange website.
- b. The warehouseman/shipper must load-out all conveyances in the order of their constructive placement. Load-out of transportation constructively placed on the same day shall be in the order in which loading orders were received. An operator of a regular facility in Chicago, Burns Harbor, **Toledo, along the Ohio River, along the Mississippi River,** along the Illinois Waterway, and St. Louis has the obligation of loading grain represented by warehouse receipts or shipping certificates giving preference to takers of delivery.

- c. The warehouseman/shipper informs the owner of the time of loading completion and the release time of the conveyance to the carrier.
- d. The warehouseman/shipper must advise the owner of any load-out difficulties. Inclement weather may delay loading.
- e. The owner should be familiar with the tariff of the warehouse/shipping station where the load-out is to occur.
- f. Any expense for making the grain available for loading on the Illinois Waterway, Ohio River, or Mississippi River will be borne by the party making delivery, provided that the taker of delivery constructively places barge equipment clean and ready to load within five (5) business days following the scheduled loading date of the barge on the Illinois Waterway, Ohio River, or Mississippi River. If the taker's barges are not constructively placed within five (5) business days following the scheduled loading date of the barge on the Illinois Waterway, Ohio River, or Mississippi River, the taker shall pay the shipper an amount not to exceed 30/100 of one cent per bushel per day multiplied by the number of calendar days from the fifth business day following the scheduled loading date to the date that the barge is constructively placed, including both dates, but excluding business days the shipper meets his minimum daily barge load-out rate. Requests to cancel loading instructions and re-issue receipts/shipping certificates more than two business days after receipts/shipping certificates are cancelled are subject to mutual agreement. All fees for reissuance are payable by the owner.

6. Final Settlement of All Charges By Invoice

- a. The owner pays the warehouseman/shipper storage/premium charges that have accumulated up to and including the 10th business day after constructive placement of the conveyance or the date of loading completion, whichever is earlier, for wheat and oats, or up to and including the date of loading for corn and soybeans. If the owner paid storage/premium charges when he surrendered the cancelled warehouse receipt/shipping certificate he now pays storage/premium charges that have accumulated since that time as invoiced.
- b. The owner pays the warehouseman/shipper for the FGIS service and the stevedoring company for stevedoring service as invoiced. The owner is responsible for charges incurred for stevedoring service, except, all fees for stevedoring services to load corn and soybeans into barges are to be paid by the issuer of the Corn or Soybean Shipping Certificate.
- c. With some exceptions for Burns Harbor delivery, the owner pays all transportation costs, including switching charges and demurrage, if any, to the appropriate transportation company.

The outline provided above is intended to serve only as a general guide to grain load-out procedures; certain of the discussed obligations of the warehouseman/shipper and owners may not apply in a particular situation or may be open to negotiation between the parties. Care has been taken in the preparation of this outline, but there is no warranty or representation expressed or implied by the CBOT as to the accuracy or completeness of the material herein. In particular, CBOT rules may be revised from time to time. Accordingly, current rules, if applicable, should be consulted when there is a question about load-out. Please be advised that the U.S. Warehouse Act, as amended, or a state law may also apply to, or govern, a particular

situation. If you have legal questions concerning load-out, the Exchange recommends that you consult your legal counsel.

14104. GRADES / GRADE DIFFERENTIALS

Upon written request by a taker of delivery at the time loading orders are submitted, a futures contract for the sale of wheat shall be performed on the basis of United States origin only.

<u>WHEAT GRADE DIFFERENTIALS</u>	
At 3¢ Premium	At Contract Price
No. 1 Soft Red Winter	No. 2 Soft Red Winter
No. 1 Hard Red Winter	No. 2 Hard Red Winter
No. 1 Dark Northern Spring	No. 2 Dark Northern Spring
No. 1 Northern Spring	No. 2 Northern Spring

Wheat which contains moisture in excess of 13.5% is not deliverable.

A contract for the sale of wheat for future delivery shall be performed on the basis of the grades officially promulgated by the Secretary of Agriculture as conforming to United States Standards at the time of making the contract. If no such United States grades shall have been officially promulgated, then such contract shall be performed on the basis of the grades established by the Department of Agriculture of the State of Illinois, or the standards established by the Rules of the Exchange in force at the time of making the contract.

A taker of delivery of wheat shall have the option to request in writing load-out of wheat which contains no more than 4 (four) parts per million of deoxynivalenol (vomitoxin). 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.

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 taker of delivery of wheat shall have the option to request in writing 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 average testing results of 3 parts per million vomitoxin or below for canceled shipping certificates marked as 3 parts per million and shall load out wheat containing unit average testing results of 4 parts per million vomitoxin or below for canceled shipping certificates marked as 4 parts per million.

Effective September 1, 2011, all wheat shipping certificates shall be marked as either 2 parts per million deoxynivalenol (vomitoxin), 3 parts per million vomitoxin, or 4 parts per million vomitoxin. Shipping certificates marked as 2 parts per million vomitoxin shall be delivered at contract price, while shipping certificates marked as 3 parts per million shall be delivered at a 12 cent per bushel discount and shipping certificates marked as 4 parts per million shall be delivered at a 24 cent per bushel discount. A taker of delivery of wheat shall have the option to request in writing 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 average testing results of 2 parts per million vomitoxin or below for canceled shipping certificates marked as 2 parts per million, shall load out wheat containing unit average testing results of 3 parts per million vomitoxin or below for canceled shipping certificates marked as 3 parts per million, and shall load out wheat containing unit average testing results of 4 parts per million vomitoxin or below for canceled shipping certificates marked as 4 parts per million.

14105. LOCATION DIFFERENTIALS

In accordance with the provisions of Rule 14106., wheat for shipment from regular facilities located within the Chicago Switching District, the Burns Harbor, Indiana Switching District, **on the Ohio River**, or the Toledo, Ohio Switching District may be delivered in satisfaction of Wheat futures contracts at contract price, subject to the differentials for class and grade outlined above. **Wheat for shipment from regular facilities in the Northwest Ohio territory may be delivered in satisfaction of Wheat futures contracts at a discount of 20 cents per bushel, subject to the differentials for class and grade outlined above. Wheat for shipment from regular facilities on the Mississippi River may be delivered in satisfaction of Wheat futures contracts at a premium of 20 cents per bushel, subject to the differentials for class and grade outlined above.** Only No. 1 Soft Red Winter and No. 2 Soft Red Winter Wheat for shipment from regular facilities located within the St. Louis-East St. Louis and Alton Switching districts may be delivered in satisfaction of Wheat futures contracts at a premium of 10 cents per bushel over contract price, subject to the differentials for class and grade.

14106. DELIVERY POINTS

Wheat certificates shall specify shipment from one of the currently regular for delivery facilities located in one of the following territories:

Wheat for shipment from regular facilities located within the Chicago Switching District, the Burns Harbor, Indiana Switching District, **the Northwest Ohio Territory, on Ohio River, on Mississippi River** or the Toledo, Ohio Switching District may be delivered in satisfaction of wheat futures contracts. Only No. 1 Soft Red Winter and No. 2 Soft Red Winter Wheat for shipment from regular facilities located within the St. Louis-East St. Louis and Alton Switching Districts may be delivered in satisfaction of Wheat futures. When used in these Rules, Burns Harbor, Indiana Switching District will be that area geographically defined by the boundaries of

Burns Waterway Harbor at Burns Harbor, Indiana which is owned and operated by the Indiana Port Commission. **The Northwest Ohio Territory shall be shuttle loading facilities within the following 12 counties: Allen, Crawford, Hancock, Hardin, Henry, Huron, Marion, Putnam, Sandusky, Seneca, Wood, and Wyandot. The Ohio River facilities shall be river loading facilities on the Ohio River from mile marker 455 to the Mississippi River. The Mississippi River facilities shall be river loading facilities on the Mississippi River downriver from the St. Louis-East St. Louis Alton Switching District to mile marker 715.**

14108. PREMIUM CHARGES

To be valid for delivery on futures contracts, all certificates covering wheat under obligation for shipment must indicate the applicable premium charge. No certificate shall be valid for delivery on futures contracts unless the premium charges on such wheat shall have been paid up to and including the 18th calendar day of the preceding month, and such payment is endorsed on the 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 Wheat shall not exceed 26.5/100 of one cent per bushel per day during the period from July 1 through November 30. The premium charges on Wheat shall not exceed 16.5/100 of one cent per bushel per day **during the period from December 1 through June 30.**

14109.B. Location

For the delivery of wheat, regular facilities may be located within the Chicago Switching District or within the Burns Harbor, Indiana Switching District (subject to the provisions of Paragraph A above), within the Toledo, Ohio Switching District, **within the Northwest Ohio Territory defined as Allen, Crawford, Hancock, Hardin, Henry, Huron, Marion, Putnam, Sandusky, Seneca, Wood, and Wyandot counties; on the Ohio River from mile marker 455 to the Mississippi River; on the Mississippi River downriver from the St. Louis-East St. Louis Alton Switching District to mile marker 715;** or with respect to only No. 1 Soft Red Winter and No. 2 Soft Red Winter Wheat, within the St. Louis-East St. Louis or Alton Switching Districts.

Delivery in Toledo must be made by shipping certificates at regular facilities providing water loading facilities and maintaining water depth equal to normal seaway draft of 27 feet.

However, deliveries of wheat may be made in off-water elevators within the Toledo, Ohio Switching District PROVIDED that the party making delivery makes the grain available upon call within five calendar days to load into water equipment at one water location within the Toledo, Ohio Switching District. The party making delivery must declare within one business day after receiving shipping certificates and loading orders the water location at which wheat will be made available.

Any additional expense incurred to move delivery grain from an off-water elevator into water facilities shall be borne by the party making delivery; PROVIDED that the party taking delivery

presents water equipment clean and ready to load within fifteen calendar days from the time the grain has been made available.

Official weights and official grades as loaded into the water equipment shall govern for delivery purposes.

Delivery in the St. Louis-East St. Louis or Alton Switching Districts, **on the Ohio River, and on the Mississippi River** must be by shipping certificates at regular facilities providing barge loading facilities and maintaining water depth equal to the average draft of the current barge loadings in the St. Louis-East St. Louis and Alton barge loading districts, **and equal to the average draft of the current barge loadings along the Ohio River, and along the Mississippi River, respectfully.**

14110. BILLING

14110.A. Chicago, Toledo, Northwest Ohio, Ohio River, Mississippi River and St. Louis Delivery

Wheat (Chicago, Toledo, **Northwest Ohio, Ohio River, Mississippi River,** and St. Louis delivery): The operator of the regular facility is not required to furnish transit billing on wheat represented by shipping certificate deliveries in Chicago, Illinois, Toledo, Ohio, St. Louis, Missouri, East St. Louis, Illinois, [or] Alton, Illinois, **or in locations of regular facilities in the Northwest Ohio Territory, along the Ohio River, or along the Mississippi River.** Delivery shall be flat.