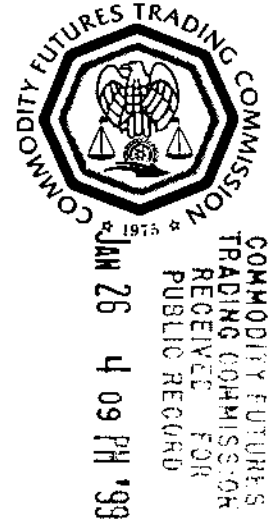


U.S. COMMODITY FUTURES TRADING COMMISSION

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Facsimile: (202) 418-5521

98-38
NC 2



January 25, 1999

Mr. Paul Draths
Vice President and Secretary
Chicago Board of Trade
141 W. Jackson Boulevard
Chicago, Illinois 60604-2994

Re: Amendments of the Board of Trade of the City of Chicago's Wheat and Oats
Futures Contracts

Dear Mr. Draths:

In submissions dated October 21, 1998, and January 20, 1999, the Board of Trade of the City of Chicago (CBT) submitted for approval by the Commodity Futures Trading Commission (Commission) under section 5a(a)(12) of the Commodity Exchange Act (Act), 7 U.S.C. §7a(a)(12), and Commission rule 1.41(b), proposed amendments to the CBT wheat and oats futures contracts.¹

The proposed rule amendments specified in the attachment are hereby approved by the Commission under section 5a(a)(12) of the Act and Commission rule 1.41(b). The CBT's plan, contained in its submissions of October 21, 1998, and January 20, 1999, to implement the proposed amendments to the load-out provisions to all wheat, oats, corn, and soybeans loaded out against outstanding warehouse receipts and shipping certificates issued on and after January 3, 2000, and all other amendments to the wheat and oats futures contracts beginning with the March 2000 contract month are hereby approved by the Commission.

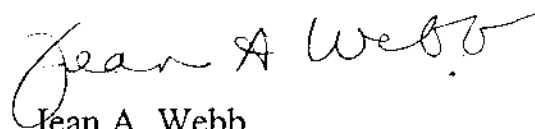
The proposed amendments to the wheat futures contract follow a period of extensive study by the CBT of the contract's delivery specifications in response to a request by the Commission dated December 19, 1996. (61 FR 67999.) The CBT noted in its submission that these rules are intended to address the concerns raised

¹ The CBT also submitted proposed rule changes for its corn and soybean futures contracts. The attached Order of the Commission under sections 5a(a)(10) and 5a(a)(12) of the Act approves the CBT's proposed rules for its corn and soybean futures contracts and amends the Commission's section 5a(a)(10) Orders to effect those approvals.

by the Commission in that letter regarding the adequacy of deliverable supplies on the CBT wheat contracts. However, the continued use of warehouse receipts rather than shipping certificates for delivery at St. Louis does little to alleviate concerns about the adequacy of deliverable supply of wheat during the months of March and May. Accordingly, the Commission is unconvinced that these amendments, although appropriate, adequately address concerns about the contract's deliverable supplies. Moreover, recent developments concerning concentration of ownership or control of futures delivery facilities on the wheat and oats futures contracts raise additional concerns about the contracts' susceptibility to price manipulation or to market congestion and compliance with section 15 of the Act.

The Commission therefore directs the CBT to report annually for five years to the Commission after contract expirations begin under the revised wheat and oats contract terms on the experience with deliveries and expiration performance and on the extent to which the contract's locational and quality price differentials, preferential load-out requirements for futures deliveries, and the use of warehouse receipts for St. Louis deliveries may discourage or encourage deliveries to be made. In addition, the Commission directs the CBT carefully to monitor the 1999 wheat, corn, and soybean expirations to assess the degree of increased concentration in the ownership and control of approved delivery facilities at Toledo, Chicago, and St. Louis and whether it adversely impacts price convergence on the contracts and to report its findings to the Commission in January 2000.

For the Commission,



Jean A. Webb
Secretary of the Commission

Attachment

Attachment 1.

**Rules and Regulations Approved by the Commission for the Chicago Board of Trade's
Wheat and Oats Futures Contracts**

Wheat

425.01
1009.00
1009.01
1009.03
1036.00
1036.01
1042.01
1052.00
1052.00(d)
1052.00A
1081.01(11)
1081.01(12)A.
1081.01(12)B.
1081.01(12)C.
1085.01

Oats

1009.00
1009.01
1009.03
1042.01
1052.00
1052.00A
1081.01(11)
1081.01(12)A.
1081.01(12)B.
1081.01(12)C.
1085.01