

Ninia Bivins  
President

Jay O'Brien  
Managing Partner

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OFFICE OF THE SECRETARIAT

**CATTLE COMPANY**

Box 15305  
Amarillo, Texas 79105

COMMENT

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January 31, 2000

Jean A. Webb, Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre, 21<sup>st</sup> Street, NW  
Washington, DC 20581

RE: CME Speculative Position Limits

Dear Ms. Webb:

I am a rancher in the Panhandle of Texas, managing and/or owning three ranches as well as a ranch in Colorado. We feed all of our cattle in various feedyards in Texas, Kansas and Oklahoma.

It is important to us as producers, that large traders not be able to unduly impact the market, either by manipulation, by overwhelming the market with placement or removal of large positions or by demanding delivery. Therefore, we are firmly opposed to the CME proposal to increase limits to 900 contracts in the spot month.

We must be able to have a predictable basis in order to use this contract in our risk management. In the past, we have delivered on the contract, but we would prefer to have convergence and not deliver. The long decides whether delivery will be live or carcass and the live facilities have definite limits. With higher limits, companies could seriously stretch the facilities for delivery. Presently, if a location cannot handle the number of contracts, a short cannot force convergence through delivery. With higher limits, this could be used as a tool to manipulate the market.

In addition, positions could stretch beyond deliverable supply. Present limits exceed deliverable supplies in some months. The CME has refused to expand deliverable supplies by adding heifers, even though our industry associations have all asked that this be done.

We ask that CFTC restore spot month speculative limit to pre June 98 level of 300.

Sincerely,

*Jay O'Brien*  
Jay O'Brien

Records Section  
Received CFTC

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