



Jerry A. Newby
President

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May 2, 2000

COMMENT

Ms. Jean A. Webb, Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, D.C. 20581

Re: Proposed amendment to the Cotton No. 2 Futures Contract Prohibiting Cotton Stocks under Commodity Credit Corporation Loan From Simultaneously Being Exchange - Certified for Delivery on the Futures Contract

Dear Ms. Webb:

This letter is to comment on the proposed regulation that would prohibit certification of a bale of cotton for delivery on the New York Cotton Exchange (NYCE) future's contract that was also pledged as collateral for a CCC loan.

The Alabama Farmers Federation State Cotton Committee represents cotton producers throughout Alabama. In recent years, our producers have struggled in light of weather-related disasters and low cotton prices. We have utilized the marketing loan as a tool to help us survive and to move cotton into commercial trade. Our marketing loan has allowed U.S. cotton to be competitively priced to domestic and export customers while providing support to producers through marketing loan gains and avoidance of carrying charges. A key factor in developing the marketing loan was to avoid differentiating values of U.S. cotton in the domestic and export market. We see this proposal as having that effect, and we feel that it would devalue certificated stocks and result in income loss for producers.

For these reasons, we oppose this proposal and urge the Commission to reject it.

Sincerely,

Sam Spruell
Sam Spruell, Chairman
Alabama Farmers Federation
State Cotton Committee

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