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**National Grain and Feed Association**

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November 7, 2000  
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**COMMENT**

Ms. Jean A. Webb  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
21<sup>st</sup> Street, N.W.  
Washington, D.C. 20581

Re: Proposed Amendments to the CBOT's Corn and Soybean Futures Contracts

Dear Ms. Webb:

Thank you for affording the National Grain and Feed Association (NGFA) the opportunity to comment on the proposed amendments to the delivery specifications of the Chicago Board of Trade's (CBOT) corn and soybeans futures contracts. NGFA's Risk Management Committee has been involved in discussions with the CBOT, including its participation in the CBOT's open forum, in reviewing the maximum permissible storage charge, the maximum number of shipping certificates issuable, and certain loading requirements.

The package of changes proposed by the CBOT provide enhancements for both the maker and taker of delivery. They address delivery issues in a balanced manner and should enhance the utility of the contracts, particularly for hedgers.

Moreover, the NGFA has been pleased with the CBOT's efforts to secure industry input and recommendations as part of the CBOT's contract review process. The Risk Management Committee surveyed its members and provided input to the CBOT. The changes proposed by the CBOT are consistent with the views of our Committee.

Among other things, the third proposed CFTC Core Principle for Recognition of Futures Exchanges encourages an exchange to monitor its markets on a non-routine basis as necessary to prevent manipulation, price distortion, and disruptions of the delivery process. In proposed Appendix A to Part 38, the CFTC states that:

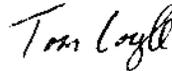
The recognized futures exchange should collect data in order to assess whether the market price is responding to the forces of supply and demand. Appropriate data usually include various fundamental data about the underlying commodity, its supply, its demand, and its movement through marketing channels. Especially

important are data related to the size and ownership of deliverable supplies—the existing supply and the future or potential supply, and to the pricing of the deliverable commodity relative to the futures price and relative to similar, but nondeliverable, kinds of the commodity.<sup>1</sup>

In this instance, the proposed changes demonstrate that the CBOT is more than capable of meeting this proposed CFTC Core Principle. Overall, the proposed changes should fairly counterbalance each other. Some of the changes will increase deliverable supplies and others should reduce them. While we anticipate that the proposed changes will result in a net reduction of deliverable supplies, sufficient deliverable supplies will continue to exist to maintain market balance and protect against manipulation. In return, the proposed changes should provide smoother execution in the cash grain markets.

For these reasons, the NGFA encourages the CFTC to approve the changes as proposed by the CBOT. The changes will enhance contract performance. Furthermore, the proposal demonstrates that the CBOT is taking the initiative to monitor its own contracts to assure the adequate transfer of risks.

Sincerely,



Tom Coyle  
Chairman  
Risk Management Committee

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<sup>1</sup> 65 Fed. Reg. 38985, 39005 (June 22, 2000).