

NATIONAL GRAIN TRADE COUNCIL
SUITE 925
1300 L STREET, N.W.
WASHINGTON, D.C. 20005

(202) 842-0400

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BY E-MAIL AND CERTIFIED MAIL

Jean A. Webb, Secretary
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st St. NW
Washington, DC 20581

RE: Regulatory Reinvention - 66 Fed. Reg. 14262 (March 9, 2001) - (ATO Program)

Dear Ms. Webb:

The National Grain Trade Council once again is responding to CFTC's call for comment on the agricultural trade options program (ATO). Since 1995 the Council has actively participated in discussions with CFTC regarding this program. Each time during the past few years when the CFTC has called for comment on the ATO program, the Council has stressed the ATO program could provide great financial assistance to farmers as an important risk management tool if the program is changed to meet the needs of the users. Clearly, there are significant problems with the program when only one company has registered as an ATO merchant.

The Council is very frustrated that the CFTC has not made significant changes to the ATO program, despite the years of comments and suggestions provided by agribusiness and producer groups. The CFTC's inaction on this program to remove overly burdensome regulations has denied the farmer a viable innovative risk management tool.

Farmers need to be able to utilize all possible risk management tools available to assist them with the tremendous financial risks that are inherent to farming. Agricultural options are complex. However, ATOs should be available to producers who have the knowledge and desire to use them. The ATO program can provide the farmer with a flexible farm management tool.

As we have stated in the past, the following changes need to be made to the program in order for it to be viable:

1. Lower Exemption Level. The \$10 million minimum net worth should be dropped to \$1 million, the same level as other risk-management instruments. This requirement alone has prevented farmers from participating in ATOs as few would qualify.

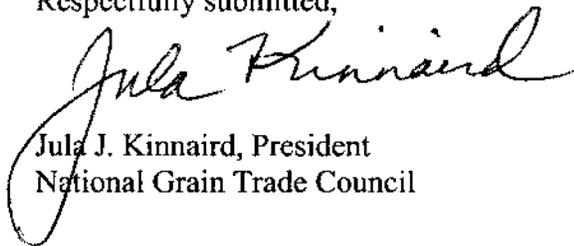
2. Streamline Registration and Record Keeping Requirements, Expand Avenues For Dispute Resolution. The Council has voiced its concern that the act of registering makes the parties subject to CFTC reparations on the contracts. It is fine that CFTC offers avenues for reparations, but parties should be free to pursue an alternative dispute resolution process of their choice. The record keeping requirements are nothing less than onerous. These requirements are more stringent than what is required of a futures commission merchant in dealing with the retail public.

Oppressive regulations have stifled the ATO program. The program needs to be revived and revitalized immediately in order to provide a meaningful risk management tool for farmers.

The Council is not advocating complete withdrawal of regulation; there is a need for reasonable measures to prevent fraud and manipulation. However, we should learn from the mistakes of the past, and not penalize present and future generations of farmers by denying them a risk management tool that could help them stay in business.

In closing, the Council commends CFTC for its recent efforts to modernize and deregulate many areas. The ATO program is in dire need of attention. Farmers need to be able to utilize every risk management tool available in order to provide them with a financial safety net. A viable ATO program is an essential addition to farmers' risk management toolbox.

Respectfully submitted,

A handwritten signature in cursive script that reads "Julia Kinnaird". The signature is written in black ink and is positioned above the typed name and title.

Julia J. Kinnaird, President
National Grain Trade Council