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November 14, 2002

Jean A. Webb
Secretary of the Commission
Commodity Futures Trading Commission
3 Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

COMMENT

Re: CME Proposed Amendments to Live Cattle Contract
67 FR 66130 (October 30, 2002)

Dear Commissioners:

I am a licensed attorney admitted to practice in Illinois in 1983. My practice is concentrated in futures regulation.

I have reviewed the Chicago Mercantile Exchange ("CME") submission in support of its proposal to reduce the spot month speculative position limit for the Live Cattle futures contract. The CME seeks to amend the position limit retroactively, so that it applies to the open December 2002 through October 2003 contract months.

I believe the CME should be asked to clarify that their proposal is not intended to apply to speculative positions acquired prior to the effective date of the proposed amendment. CFTC Rule 150.5(f) provides, in relevant part:

"Exchange speculative position limits adopted pursuant to this section shall not apply to any position acquired in good faith prior to the effective date of any bylaw, rule, regulation, or resolution which specifies such limit..."

The CME's proposal was submitted pursuant to Section 5c(c)(2) of the Commodity Exchange Act and CFTC Rule 40.4(a). Rule 40.4(a) provides that exchange submissions in support of proposed rule amendments must comply with the procedures of Rule 40.5. Under Rule 40.5(a)(vi), the CME submission must:

Identify any Commission regulation that the Commission may need to amend, or sections of the Act or Commission regulations that the Commission may need to interpret in order to approve or allow into effect the proposed rule. To the extent that such an amendment or interpretation is

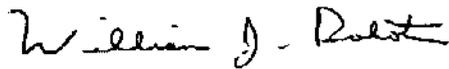
Jean A. Webb
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necessary to accommodate a proposed rule, the submission should include a reasoned analysis supporting the amendment or interpretation of the Commission's regulation.

The CME submission does not address application of the proposed amendment in light of CFTC Rule 150.5(l). Holders of outstanding speculative positions should not be subjected to a retroactive rule amendment that effectively exerts downward pressure on the value of their open positions. While Rule 150.5(f) would appear to clearly prohibit enforcement of the lower speculative limit against traders with open positions, comments filed by other market participants indicate a public perception, not countered by the CME submission, that this amendment is intended to apply to all traders without exception.

In the event that the Commission intends to approve this amendment, it should be clarified that the amendment is not applicable to positions acquired in good faith before the amendment becomes effective.

Very truly yours,



William J. Bolotin