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November 14, 2002

COMMENT

Mike Johanns
Governor

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

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Reference: 67 CFR 66130 CME Proposed Amendments to Spot Month Speculative Position
Limits for the Live Cattle Futures Contract

Dear Ms. Webb,

The Board of Directors of the Chicago Mercantile Exchange (CME) announced October 18, 2002, that it had voted to reduce spot-month speculative limits on the Live Cattle futures from 600 contracts to 300 contracts. The changes are slated to go into effect for the December 2002 contract, which will become the spot issue of the Live Cattle futures in just over two weeks. There are over 40,000 open contracts in the December Live Cattle issue as of this writing.

I am very concerned that the CME has deviated from their time-honored policy of informing all market participants well in advance of any pending changes in trading rules or contract specifications in regards to this issue. In essence, this action changes the rules by which market participants must abide mid-stream and may force some participants to liquidate positions that were established months before the proposed rule change was announced.

Furthermore, there are pending changes to contract specifications that are slated to take effect with the June 2003 issue of Live Cattle futures. I would recommend that these changes be allowed to take effect, and that the industry is given time to evaluate the effects of these pending changes before further modifications are considered.

The short time frame for debate and the submission of comments regarding this proposed change would set a precedent contrary to what the cattle industry and the trading community has come to expect when working with the CME to establish specifications and trading rules that are equitable for all market participants.

Sincerely,

Mike Johanns
Governor