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COMMENT

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RECORDS SECTION

February 13, 2004



**TEXAS  
CATTLE  
FEEDERS  
ASSOCIATION**

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Ms. Jean A Webb  
Office of Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Center  
1155 21<sup>st</sup>. Street, NW  
Washington, DC 20581

Re: Proposal to expand daily limits on Fed and Feeder Cattle Contracts to \$3.

Dear Ms. Webb:

The Texas Cattle Feeders Association represents the cattle feeding industry in Texas, New Mexico and Oklahoma, an area that feeds approximately 30% of the fed cattle produced in the U.S.

The Association's official policy is that no change be made in the current daily price limit moves in the fed cattle and feeder cattle future contracts that became effective on October 15, 2003 and November 6, 2003.

The current progressive mechanism in place that allows future prices to ratchet up or down as needed meets the needs of the industry better than a blanket \$3 increase in daily limits. The \$3 daily limit restricts participation by small speculators and increases margin requirements for hedgers.

At their recent annual meeting NCBA adopted policy to recommend that the daily price limits be increased from \$1.50 to \$2.00 per cwt. daily limit. The \$2 limit with the ability to expand limits to \$3 if the market closed at the limit two consecutive days would allow the market to move a possible \$13 in a week.

TCFA appreciates the opportunity to comment on the proposal and feel that CFTC should give serious consideration to both the TCFA position and NCBA's position before automatically granting the CME's request for moving limits to \$3.

Sincerely,

Richard McDonald  
President and CEO