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July 27, 2006

COMMENT

Ms. Eileen Donovan
Acting Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

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Re: 17 CFR Part 138, Conflicts of Interest in Self-Regulation and Self-Regulatory Organizations

Dear Ms. Donovan:

The National Cotton Council (NCC) is submitting comments on the proposed rule published in the Federal Register on July 7, 2006.

The National Cotton Council is the central organization of the United States cotton industry. Its members include producers, ginner, cottonseed handlers, merchants, cooperatives, warehousemen and textile manufacturers. While a majority of the industry is concentrated in 17 cotton-producing states, stretching from the Carolinas to California, the downstream manufacturers of cotton apparel and homefurnishings are located in virtually every state. NCC members are involved in the production, storage, sale, shipment, and processing of cotton. They are significant users of the New York Board of Trade's (NYBOT) No. 2 Futures and Options Contracts. The cotton industry is vitally interested in maintaining a robust futures market.

The National Cotton Council does not believe it is reasonable or necessary to require an exchange's governing board and executive committee to be composed of 50% "public members" in order to receive "safe harbor" treatment for compliance with the Core Principle requirement that exchanges "minimize conflicts of interest in the decision making process."

The New York Board of Trade (NYBOT) currently meets previous board composition requirements. Namely, that boards include representatives from diverse groups and at least 20% non-members. The NYBOT also has a conflict of interest rule for board members that precludes a member from voting on certain matters where the member or member's firm has material interest.

**Received CFTC
Records Section**
08/28/06

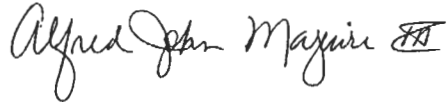
The Council is unaware of any questions concerning the integrity of NYBOT's governance. And, the CFTC acknowledges that NYBOT successfully carries out its self regulatory responsibilities and that conflicts of interest are not a problem.

We are concerned that the proposal would dilute the cotton industry's already limited influence and input in exchange matters. We are also concerned that if approved as proposed, if NYBOT does not follow the 50% requirement, there will be a perception that it is not rigorously carrying out its self-regulatory duties.

We urge the CFTC to rescind its proposal and that the Commission exempt individual exchanges – found in compliance with current requirements for public representation - from any further increase as long as they are achieving the market integrity required by the Commodity Exchange Act.

Thank you for considering our views and recommendations.

Sincerely,

A handwritten signature in cursive script that reads "Alfred John Maguire" followed by a stylized monogram or initials.

John Maguire
Vice-President
Washington Operations