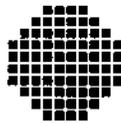


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**KANSAS CITY  
BOARD OF TRADE**

APR 30 10 28 AM '98

James R. Paulsen  
Chairman

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April 24, 1998

Ms. Jean A. Webb  
Secretariat  
Commodity Futures Trading Commission  
1155 21st Street, N.W.  
Washington, D.C. 20581

**COMMENT**

Dear Ms. Webb:

The Kansas City Board of Trade submits these comments on the Commission's concept release titled "Regulation of Noncompetitive Transactions Executed on or Subject to the Rules of a Contract Market." The concept release was published in the January 26, 1998 *Federal Register*.

We have extensively studied the questions raised by the Commission. We are very alarmed about the idea of allowing block trading of futures positions off exchange floors at privately negotiated prices. We adamantly oppose regulations that would limit the natural evolution of the exchanges of futures for physicals. We are against a new regulatory structure for execution facilities.

We fail to understand how block trades can be considered noncompetitive transactions. In our judgement, block trades are much more than just pricing transactions. They create futures positions outside contract markets and they disrupt the competitive determination of futures prices. We particularly believe that authorizing block trading would be damaging to agricultural futures contracts, and that would be disastrous for our exchange where wheat futures are our dominant contract. We believe strongly that the block trading proposal set forth in the concept release would eliminate equal access to futures markets. If block trading is permitted and large traders trade outside the contract markets, liquidity and price discovery on trading floors would suffer greatly. In short, we believe that block trading presents a major threat to open and competitive futures markets, such as the Kansas City Board of Trade.

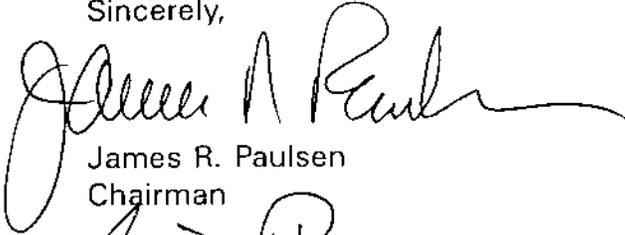
As to EFP standards, we see absolutely no reason to change the current regulatory framework. The CFTC and exchange audits and investigations departments have done an excellent job for years of monitoring EFP transactions. Why fix something that isn't broke?

We oppose any new regulatory structure in the area of execution facilities. Again, we fail to see any reason why the current system is not adequate and satisfactory.

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Finally, we cannot overemphasize the gravity that we attach to the issues raised in the concept release. These issues go directly to the viability of contract markets such as the Kansas City Board of Trade, and we hope that the Commission carefully evaluates concerns expressed in this letter.

Sincerely,

A handwritten signature in cursive script, appearing to read "James R. Paulsen".

James R. Paulsen  
Chairman

A handwritten signature in cursive script, appearing to read "Michael Braude".

Michael Braude  
President  
THE KANSAS CITY BOARD OF TRADE

JRP:MB/kg