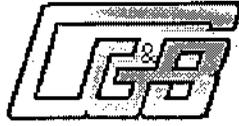


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COMMENT

September 27, 1999

Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st St., N.W.
Washington, D.C. 20581

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C.F.T.C.

Via E-Mail to: secretary@cftc.gov

Thank you for the opportunity to comment on the CFTC's decision regarding the new rules for Agricultural Trade Options. We were privileged to be a part of this process last fall when the National Grain and Feed Association had discussions with Commissioner Spears and Newsome and members of their staffs, and we look forward to continued discussions that will lead us to a viable pilot program. Our interest, like that of the Commission's, is to provide a workable and safe means whereby the agricultural community can be effectively served by the sophisticated tools available today.

Consolidated Grain and Barge Co. is one of the leading grain companies in the U.S. We handle over 300 million bushels of grain annually and have facilities in seven states. We look forward to the opportunity to offer innovative options to our customers that will help them more effectively handle the risks involved with their operations. We applaud the moves taken by the commission but continue to have concerns about certain issues.

Allow us to make comments regarding the proposed rules:

- Requirement that all agents individually certify that they are not disqualified* We applaud this change.
- Elimination of the training requirement* We applaud this change.
- Change allowing a broader group of intentities that may be involved.* We applaud this change and see it as absolutely necessary. It will provide a more liquid market that means that participants will be more willing to participate. It will also allow us to partner/trade/or otherwise cooperate with institutions that have the experience and expertice necessary for a us to get started.
- Provision allowing cash settlement.* We applaud this change and deem it as a very important.

Provision allowing verbal contracts to be backed up in writing.

We applaud this change and see it as a necessary element for cash grain companies to become involved.

Changes in disclosure statements

We applaud these changes.

Dispute resolution: Reparations

The NGFA has indicated to the CFTC that this provision is a concern of the industry. CGB shares that concern. The arbitration system provided through the NGFA has served our industry with integrity for many years and we have worked hard to make sure that our customers understand that any disputes will be settled by the arbitration system. To now say to our customers that some things are handled one way, and other things are handled another, gives us concern.

Please understand that we do not want to escape accountability. That is not the case. But, most grain companies (including CGB) are not experienced with how the reparations system works. The thought of having to deal with the legal requirements (e.g. attorney fees) required by the system causes us to ask the question, "Why should we get involved with something that may end up costing a lot of money to defend?" Of course, if you are doing nothing wrong, you have nothing to worry about, but with the hedge-to-arrive issue fresh in our memory, we fully understand that you can be right and still spend a lot of money to prove it.

The increased legal risk has to be weighed against the benefits that may be derived from offering the options - namely profit potential. As much as we want to get involved in offering these tools to our customers, CGB does not intend to expose ourselves to the legal risk at this time.

Registration Requirements, Reporting, and comments on other provisions.

CGB understands the CFTC's need to regulate and oversee the trading of Agricultural Trade Options. Furthermore, it makes sense that the NFA oversee many of the requirements that will be necessary to make this happen.

On the other hand, we must ask the questions,

- "Why should we expose ourselves to regulatory bureaucracy, NFA oversight, and possible reparations that do not now exist?"
- Why should we spend the time and resources needed to adequately satisfy the requirements that it will require?
- Why should we expose ourselves to legal risks that do not now exist?

All of these questions can obviously be answered by asking ourselves another question,

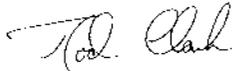
- Will there be enough profits generated by these new tools to adequately pay for these new costs and risks?"

These questions are at the heart of our decision to register as an ATOM and we suspect they are concerns that are shared by others in the industry.

Our position is that we would like to see the ban on Ag ATOs lifted entirely. Why should the agricultural community be subject to regulations not required of other industries trading in over-the-counter options? The Commission and we both understand that the answer to that question is a political one. In the meantime we applaud the Commissions efforts to come up with a system that will provide adequate oversight but still not keep companies such as ourselves from participating.

That said, be aware that we do not presently perceive the potential for returns being adequate to compensate for the risk and resources involved with the registration and reparations risk. We will continue to monitor our position in light of the final proposed rules along with opportunities that may present themselves with our customers.

Sincerely,

A handwritten signature in cursive script, appearing to read "Rodney Clark".

Rodney Clark
Consolidated Grain and Barge Co.