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**FARMERS COMMODITIES
CORPORATION**

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COMMENT

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September 30, 1999
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VIA FACSIMILE (202-418-5521)

Ms. Jean Webb
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: Agricultural Trade Options

Dear Ms. Webb:

Farmers Commodities Corporation ("FCC") submits this comment letter in response to the CFTC's August 31, 1999, Notice of Proposed Rulemaking ("NPR") concerning Agricultural Trade Options ("ATOs"). 64 Fed. Reg. 47452. FCC is a futures commission merchant registered with the National Futures Association ("NFA"). FCC is one of the largest-volume commercial grain brokerage firms in the country, serving more than 700 cooperative member-owners, substantial private companies, large-volume institutions and other major commodity traders in the U.S. and throughout the world. On December 4, 1997, FCC submitted comments in response to the Commission's November 4, 1997 NPR concerning ATOs. 62 Fed. Reg. 59624.

FCC requests that the Commission clarify that an FCM, actively involved in the agriculture industry, is eligible to register with the NFA as an ATO Merchant ("ATOM"). Proposed Rule 32.13 (a) provides that certain commercial enterprises are eligible to register as ATOMs. Eligible parties include producers, processors, commercial users of, and merchants handling or selling, inputs used in the production of the underlying commodity or the products or byproducts thereof, and banks routinely engaged in the financing of such businesses.

In its November 4, 1997, proposed rules, the Commission indicated that it assumed that "few, if any, FCMs would qualify to be an Agricultural Trade Option Merchant by virtue of the requirement that such entities also be a commercial user of the underlying commodity." 62 Fed. Reg. 59630 at n. 33. When the Commission issued its interim final rules on April 16, 1998, it indicated that "investment bankers with active commodity trading operations" were eligible to register as an ATOM. 63 Fed. Reg. at 18824. In its most recent NPR, the Commission observed that "permitting cash settlement [of ATOs] likely will enable a greater variety of commercial enterprises engaged in agriculture to offer these contracts." 64 Fed. Reg. at 47455, n. 8.

With the elimination of the requirement that ATOs be settled only by delivery, the rationale for permitting commercial and investment banks to register as ATOMs applies with even greater force to FCMs actively involved in the agriculture industry. FCC has a long history of providing risk management services to producers and other potential purchasers of ATOs. In addition, FCC has the infrastructure in place to comply with many of the requirements of the proposed rules, including those relating to recordkeeping and reporting, risk disclosure, written contract terms and customer account information. Accordingly, FCC respectfully requests that the Commission clarify that FCMs are eligible under the proposed rules to register as an ATOM. FCC also requests that the Commission amend Rule 1.19 to permit FCMs to offer ATOs. In addition, FCC requests that the Commission confirm that ATO premiums shall be treated for capital and financial reporting purposes the same as premiums received for exchange traded options.

Please contact me at (515) 223-3781 if you have any questions about our comments.

Respectfully yours,

A handwritten signature in cursive script that reads "Paul G. Anderson". The signature is fluid and extends across the width of the text area.

Paul G. Anderson
President and Chief Executive Officer