

Thomas R. Donovan  
President and  
Chief Executive Officer

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## COMMENT

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

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OFFICE OF THE SECRETARIAT

Re: Agricultural Trade Options, 64 Fed. Reg. 47452 (August 31, 1999)

Dear Ms. Webb:

The Chicago Board of Trade (CBOT) submits these comments in response to the Commission's August 31, 1999 Federal Register notice proposing changes in regulations governing the use of agricultural trade options (ATOs). The CBOT appreciates that the Commission is responding to market users' requests for improvements to the ATO pilot program and the Commission's recognition, inherent in its proposed rule changes, that regulatory relief is appropriate not only for institutional users, but for retail users of risk management products as well.

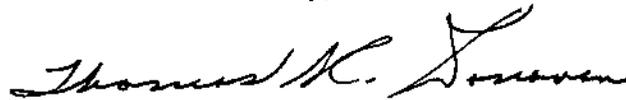
On June 16, 1999, the CBOT wrote Commissioner David Spears recommending revisions in the three-year pilot program on agricultural trade options. These changes were identified through discussions with a broad spectrum of the CBOT's customers, including futures brokers, grain merchandisers and producers. While our recommendations did not include all of the changes requested by these various groups, we believe they will provide a more practical regulatory framework that will help stimulate participation in the pilot program while maintaining confidence in the integrity of ATO products.

We are pleased that the Commission has incorporated several of our recommendations in its proposed rulemaking. Allowing cash settlement of ATOs will increase the effectiveness and flexibility of these products for both buyers and sellers. Streamlining the registration and reporting requirements of the pilot program should encourage participation by ATOMs; however, the CBOT still believes that information on the volume and open interest of ATOs should be made available to the public. Modification of the risk disclosure statement to incorporate language stating that ATOs are not issued by, guaranteed by or traded on or subject to a futures exchange will help avoid confusing ATOs with exchange-traded products.

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Thank you for the opportunity to provide additional comments on the agricultural trade option pilot program. The CBOT hopes that this is a step toward providing regulatory parity for comparable instruments. As always, we would be happy to discuss our views with you at your earliest convenience.

Sincerely,

A handwritten signature in cursive script, reading "Thomas R. Donovan". The signature is written in black ink and is centered on the page.

Thomas R. Donovan