



1725 K Street, N.W.  
Suite 1401  
Washington, D.C. 20006

Phone (202) 296-7116  
Fax (202) 659-5322

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American Cotton Shippers Association  
C.F.T.C.

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## COMMENT

January 20, 2000

Jean A. Webb, Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, NW  
Washington, DC 20581

Received CFTC  
Rec'd in Section

OFFICE OF THE SECRETARY

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Re: Proposed Revision of Commission's Proposed  
for the Review of Contract Market Rules

Dear Secretary Webb:

Pursuant to the Commission's November 26, 2000<sup>1</sup> request for comments in the above captioned matter the American Cotton Shippers Association (ACSA) submits these comments in support of the proposed revision.

### Interest of ACSA

ACSA was founded in 1924 and is composed of primary buyers, mill service agents, merchants, shippers, and exporters of raw cotton who are members of four federated associations located in sixteen states throughout the cotton belt:

- Atlantic Cotton Association (AL, FL, GA, NC, SC, & VA)
- Southern Cotton Association (AR, LA, MS, MO, & TN)
- Texas Cotton Association (OK & TX)
- Western Cotton Shippers Association (AZ, CA, & NM)

ACSA's member firms handle over 80% of the U.S. cotton sold in domestic and export markets. In 1999-2000, domestic mills will consume 10.2 million bales and 6.5 million bales will be shipped to foreign mills. Because of their involvement in the purchase, sale, and hedging of cotton, ACSA members are directly impacted by any action taken by the Commission that facilitates the ability of the contract markets to function effectively. The futures and options markets are a necessary and vital adjunct to our business operations. Our interest is manifest in the proposal before the Commission since the sound and effective deregulation of the futures and options markets is in the best interests of our members and our producer and textile mill customers.

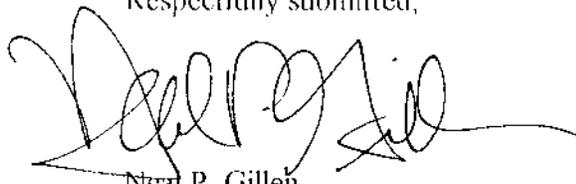
<sup>1</sup> Federal Register, Vol. 64, No.227 at pages 66428-32.

### Commission Proposal

As part of its ongoing program of regulatory reform, the Commission is proposing to revise the procedures for the review of contract market rules and rule amendments to permit contract markets to place new rules and rule amendments into effect on the business day following their submission to and receipt by the Commission. This proposal would eliminate the current burdensome requirement that requires prior Commission review and in lieu thereof the contract rule change submission *must include a brief explanation of the rule and a description of any substantive opposing views expressed by members of the contract market or others with respect to the rule. In addition, the contract market would be required to certify that the rule submitted neither violates nor is inconsistent with any provision of the Act or the Commission's regulations.* As stated above, ACSA supports this proposed change permitting the contract markets, in consultation with the market participants, to make appropriate changes in contract market rules.

The Commission seeks comments on various aspects of the rule approval process. ACSA submits that the rule changes proposed by an Exchange be accepted by the Commission provided the contract market has in effect a rulemaking process which provides the market participants an adequate opportunity to have their views thoroughly and impartially considered. The existence of such a process will eliminate the necessity for Commission review. Further, it is our recommendation that no changes relating to the terms and conditions of a contract should be permitted for contracts which have an open interest at the time the rule is implemented. We also submit that rule changes under a new electronic trading system at an existing contract market be accepted by the Commission under the proposed revised procedures.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Neal P. Gillen', with a long horizontal flourish extending to the right.

Neal P. Gillen,  
Executive Vice President &  
General Counsel