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National Grain and Feed Association

October 27, 1998 SECRETARIAT

Ms. Jean Webb
Secretary of the Commission
Commodity Futures Trading Commission
1155 21st Street, NW
Washington, D. C. 20581

COMMODITY FUTURES
TRADING COMMISSION
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Dear Ms. Webb:

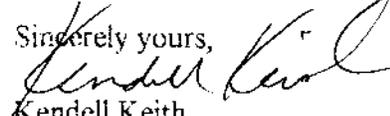
Re: Federal Register notice by the Commission, September 24, 1998, to renew its information collection for off-exchange agricultural trade options.

The National Grain and Feed Association is comprised of 1,000 member firms involved in all aspects of grain marketing, handling, transportation, processing, exporting and risk management. Our members use the futures and options marketplace for hedging, pricing and related risk management activities.

With farmers as the customer base of many companies, NGFA's members provide forward contracting services custom-designed to meet producer needs. Thus, NGFA member companies comprise a large proportion of potential agricultural trade option merchants (ATOMs) that could participate in the CFTC pilot program.

The federal register notice estimates the number of respondents at 3,610 with total reporting burden of 32,060 hours. The extensive reporting requirements and other regulatory burdens are a primary barrier to achieving reasonable participation in this program. After four months of offering the program, there are no companies participating.

We urge the Commission to not misinterpret the lack of ATOM sign-up as a lack of interest in developing and offering more and better risk management services. As reflected in estimated reporting hours required, the extensive regulations for ATOMs have made the pilot program extremely costly. Also, restrictions on the types of trade options, and providing little program flexibility have made the program much less attractive than it could be. We would recommend that the CFTC consider how the program could be modified to achieve its goal of providing a valid market test of trade options for farmers and farm-related businesses. Agriculture is sorely in need of new risk management tools, and we urge the CFTC to consider responding in a positive way to this need.

Sincerely yours,

Kendell Keith

CC. CFTC Commissioners Tuil, Holum, Spears, and Newsome