

**secretary**

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**From:** Tammy Miller [ogfa\_miller@sbcglobal.net]  
**Sent:** Tuesday, December 28, 2010 3:37 PM  
**To:** secretary  
**Cc:** tkemp@ngfa.org; 'Joe Neal'  
**Subject:** Kansas City Board of Trade Contract Amendment for Wheat

COMMENT

December 28, 2010

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

O.F.T.C.  
OFFICE OF THE SECRETARIAT  
2010 DEC 30 PM 1 04

RE: Kansas City Board of Trade Contract Amendment for Wheat

Dear Mr. Secretary,

The Oklahoma Grain and Feed Association (OGFA) is a voluntary trade organization of the state's grain and feed industry. Our membership represents over 90% of the Oklahoma country and terminal elevator operations. We appreciate the opportunity to provide comments to the Commission regarding proposed changes to the Kansas City Board of Trade (KCBT) wheat contract submitted on December 1, 2010.

First of all, we commend the efforts of the KCBT to meet the challenging task of making contract changes to address widening basis swings and the lack of convergence of futures and cash prices. It is absolutely critical that the hard red winter wheat industry have a properly functioning futures contract that achieves convergence.

The major concern OGFA has with the proposed contract change is with the minimum protein specification of 11 percent. Our question is . . . does a protein specification in the contract assist in promoting convergence? In years of low protein crops (and there will be years), this tighter standard could actually cause divergence rather than convergence by reducing the pool of available deliverable wheat supplies. In turn, there could be unintended undesirable economic consequences for elevators to source wheat supplies that meet protein contract specifications.

For example, the sampling of 468 elevators by Plains Grains, Inc. in the hard red winter wheat area from Texas to Montana in 2009 shows that 14.5% of the elevators had composite protein levels below 11% and 3.8% had levels below 10.5% thus undeliverable. In 2010, 19% of the 468 elevators sampled were below the 11% level and 7.9% were below the 10.5% level.

The Oklahoma wheat industry needs a strong and viable price discovery and risk management tool through an effective futures market such as that provided by the KCBT. Again, we commend their efforts to address the weakening of the convergence of cash and futures prices. We urge the Commission to closely monitor the implementation of the minimum protein requirement and to carefully evaluate if it in fact contributes to convergence.

Most sincerely,

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JNH/tkm