



National Grain and Feed Association

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January 15, 2009

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

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CFTC

Re: CBOT Rule Amendments to Limit Holdings for Non-Commercial Purposes in Delivery Instruments Underlying Corn, Wheat, Oat, Rough Rice, Soybean, Soybean Oil and Soybean Meal Contracts – CBOT Submission No. 09-001

Dear Mr. Secretary:

The National Grain and Feed Association (NGFA) appreciates the opportunity to comment on the above-referenced proposal by the CME Group. While we can appreciate the impetus behind the proposal and the hoped-for improvements in contract performance that the rule amendments could possibly bring, there are some fundamental reasons why this proposal deserves a more deliberate review by CFTC and affected industry participants. For reasons detailed below, the NGFA strongly requests that the comment period be extended and held open until such a review is complete.

First, there is concern that the proposal could result in a loss of liquidity in the referenced CBOT contracts due to limits on participation. While some limits on holding shipping certificates or warehouse receipts for extended periods of time may be merited – and, in fact, the NGFA has proposed a change to the CBOT wheat contract that could have a similar effect – we fear this particular proposal also could have unintended impacts on some commercial participants. At best, it is a partial answer. In addition, concerns have been expressed about the process of applying for exemptions and new administrative time/process burdens the rule change would place on legitimate commercials. We believe that two weeks is not sufficient time to analyze impacts of this significant contract change, and that traditional market participants who rely on these contracts should be given adequate opportunity to evaluate and comment on it.

Second, we believe overly hasty approval of this proposal could actually undercut a process the Commission itself has put in place to evaluate reasons for lack of convergence and analyze potential solutions. The Agricultural Advisory Committee's

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subcommittee on convergence that currently is being formed has been assigned this very task: to report to the Commission on causes of and solutions for lack of convergence. Surely, the CME Group proposal should be studied within that context, and not adopted in a preemptive fashion. To do so would seem to greatly diminish the role and purpose of the subcommittee.

Further, given sentiment that multiple contract changes should not take place concurrently and limits on how quickly changes typically are made on contracts with open interest, we fear that approval of this proposal would preclude timely action on other, perhaps more effective, changes to re-establish predictable convergence, such as the NGFA's modified compelled loadout proposal. That could mean another lengthy wait for satisfactory wheat contract performance, an unacceptable outcome for grain hedgers who already have struggled for the last two years with a contract that no longer serves its price discovery and risk management functions as it should.

We respectfully urge the Commission to extend expiration of the comment period, at least until the new subcommittee on convergence has met and discussed the range of options, including consideration of this proposal within proper context.

Sincerely,

A handwritten signature in black ink, appearing to read "Rod Clark". The signature is written in a cursive style with a large, sweeping initial "R" and "C".

Rod Clark
Chair, Risk Management Committee

cc: Acting Chairman Walt Lukken
Commissioner Michael Dunn
Commissioner Jill Sommers
Commissioner Bart Chilton
David Lehman, CME Group