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COMMENT RECEIVED
RECORDS SECTION

Wednesday, September 22, 1999

Commodity Futures Trading Commission
Attn: Office of the Secretary
3 Lafayette Center
1155 21st St. NW
Washington, DC 20581

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③

RE: Agricultural Trade Options

I am strongly opposed to any relaxation of the rules associated with Agricultural Trade Options. The opportunity for abuse and fraud is incredibly high with any product that is traded "Off Exchange".

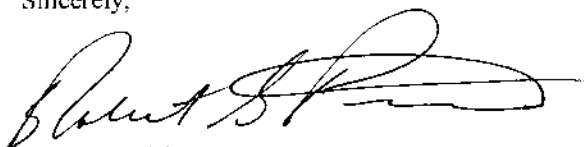
Registration and training of Trade Option Merchants and Associated Persons is absolutely crucial to protect the client. These potential clients are not aware of the risks involved with these contracts, nor are they aware of the risks in regulated commodity contracts. These potential clients probably have not been using regulated commodity contracts and are not sophisticated enough to figure out the risks involved without substantial disclosure from the actual person they are talking to. Those who will be Trade Option Merchants will be the same group that was pushing the "Hedge-to-Arrive" program in 1995-96. None of us wants to see a repeat of that disaster. I, personally, had long time futures clients that had no idea what they had gotten themselves into with the HTA's until I explained it to them. Once it was explained to them in simple terms, they were shocked and confused as to how they could have been snookered into something like that.

Those of us in the commodity futures & options industry must adhere to high standards of ethics and provide disclosure of the risks involved to each client. We also must be registered with the CFTC and NFA, must have passed the Series #3 exam, and must complete periodic ethics training to continue doing business in the commodity futures industry. We also are required to submit to regulatory oversight and periodic audits from both the CFTC and NFA. Those of us who have nothing to hide welcome this oversight. To propose any less of a standard for Trade Option Merchants and their Associated Persons would open potential clients to the possibility of fraud from unscrupulous dealers. Trade Option Merchants should also be required to provide written confirmations of all transactions, monthly position statements, and to disclose the fees charged to complete any transaction.

These requirements should also be held to grain trade firms who have been ignoring the rules for which I would be put out of business for ignoring. The grain trade firms have essentially piloted their own programs for years since they have "exemptions" from oversight as it is. They will continue to "push the envelope" as long as they are "exempt". It is extremely hard to compete with the grain trade exemptions when the local elevator manager / assistant manager doesn't have to follow the same rules and regulations, and has no oversight to deal with.

It is my opinion that Agricultural Trade Options will not provide any market alternatives that are not currently available in the regulated commodity futures markets. Therefore, if they still are to be offered, do not relax the rules and regulations for those who will be selling them. It is also my opinion that these products will be primarily sold to those who apparently feel they lack the sophistication to trade regulated futures and options. These are precisely the types of clients that will need **more** counseling from someone who is educated about the market alternatives available and is aware of the risks involved.

Sincerely,



Robert S. Pirie
President