



Since 1894

December 10, 2003

Ms. Jean A. Webb
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

RE: CME Submission #03-101

Dear Ms. Webb:

The Kansas Livestock Association (KLA) appreciates the opportunity to comment on the proposed changes to the Live Cattle and Feeder Cattle Futures contracts. KLA is a 6,000-member trade association representing cow-calf producers, stocker operators and cattle feeders.

KLA opposes increasing daily price limits from \$1.50 to \$3.00 per cwt. We oppose this change because of the negative impact the increased price limits could have on hedgers. Our members utilize futures contracts as a risk management tool in their operations. Increased daily price limits could lead to greater volatility and dramatically higher margin calls for hedgers.

KLA agrees with the emergency action taken by the Chicago Mercantile Exchange earlier this year to adopt expandable price limits for the Live Cattle contract. We believe properly structured expandable price limits are a more appropriate response to the extraordinary market circumstances that have occurred this year. A permanent increase in daily price limits is not the appropriate response at this time.

KLA also is concerned that this proposal was not made in an open and transparent fashion. KLA was not informed of this proposal, and to our knowledge CME officials have had no contact with any state or national cattlemen's association. In their request for rule approval, the CME indicates no knowledge of opposition to the larger limits. We would submit that the lack of opposition has more to do with the lack of disclosure by the CME than the true feelings of cattle producers.

KLA respectfully requests the Commodity Futures Trading Commission deny the CME proposal to increase daily price limits in the Live Cattle and Feeder Cattle Futures contracts. At the very least, we ask that any decision on the CME request be delayed until cattle industry participants can more carefully consider the proposed rule change.

If you have any questions regarding this submission, please do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink, appearing to read "Dee Likes", is written over a light-colored background.

Mr. Dee Likes
Executive Vice President