December 10, 2003

Ms. Jean A. Webb
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st. Street, NW
Washington DC 20581

Ref. Expanded Daily Limits on Live and Feeder Cattle Future Contracts

Dear Ms. Webb:

The Texas Cattle Feeders Association represents the cattle feeding industry in Texas, New Mexico and Oklahoma—approximately 30% of the fed cattle produced in the U.S.

The TCFA Market Committee met yesterday and voted to recommend that no changes be made in the current daily price limit moves in the fed cattle and feeder cattle future contracts that became effective on October 15, 2003 and November 6, 2003, respectively.

CME states that "The Exchange is not aware of any opposition to larger limits in either market, and has received strong customer support for a three-cent limit." Failure of the CME to circulate the proposal has prevented the cattle industry from making its opposition known. Financial institutions associated with the industry also are not aware of the proposed limit changes, and their input on the proposals' affect on increased margin requirements could limit their ability to finance cattle.

The current progressive mechanism in place that allows future prices to ratchet up or down as needed meets the needs of the industry better than a blanket $3 increase in daily limits. It appears that the recent changes allow participants to get out of lock-limit sessions. The $3 daily limit restricts participation by small speculators and increases margin requirements for hedgers.

At the very least TCFA feels that CFTC's decision on the proposal should be postponed until after NCBA's annual meeting in late January. This will allow time for adequate discussion among producers and other affected parties and for these affected groups to provide farther comments on this important issue.

Sincerely,

Richard McDonald
President & CEO