

From: Scot A. Miller [mailto:sama@wtp.net]
Sent: Wednesday, December 10, 2003 1:41 AM
To: submissions@cftc.gov
Subject: CME daily price limit proposal

CFTC Commissioners:

I am writing in strong opposition to the CME proposal to increase the daily price limits for live cattle and feeder cattle from 1.5 cents to 3 cents. As an Introducing Broker who has been servicing a clientele consisting predominately of cattle hedgers and speculators for nearly 24 years, I believe this change would be detrimental to the cattle industry.

In my opinion, the implementation of a 3 cent daily limit would harm the cattle contracts by subjecting market participants to unnecessarily and unreasonably large daily price risk which would discourage market participation. This would reduce liquidity thereby adding to further market volatility.

Margin requirements would likely increase to compensate for the additional daily price risk. This cost burden would also discourage market participation, reduce liquidity and increase volatility.

Recent market advances in live cattle have set new all time record highs, exceeding the old highs by 20%. An increase of this magnitude does not justify an increase in daily price limits of 100%. Increasing the daily price limits in both live cattle and feeder cattle to 2 cents would represent a 33% increase from the current limits of 1.5 cents and more closely reflect the new market levels.

The CME statement regarding strong customer support for the 3 cent limit does not agree with my experience, as I have not found a single cattle hedger or speculator that supports the proposal.

Please reject this proposal and allow the CME to solicit input from the cattle industry that will assist them in developing a new proposal that reflects the needs of the industry that the cattle contracts are supposed to serve.

Sincerely,
Scot Miller Scot A. Miller and Assoc. 303 N. 28th St. Suite

708 Billings, MT 59101