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3RD DISTRICT, IOWA

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Congress of the United States
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CFTC
700 PINEAS DRIVE
SUITE 1
OSCEOLA, IOWA 50213
(515) 342-4801
TOLL FREE IOWA NUMBER
1-888-432-1984

16 July 1998

The Honorable Brooksley Born
U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, D.C. 20581

COMMENT

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Dear Chairperson Born:

Thank you for visiting with me this afternoon on the subject of Over the Counter Derivatives. Your comments helped inform me of this important developing issue. As I brought up in the meeting, I still have some concerns about the application by the Cantor Financial Group and the New York Cotton Exchange's application for a new futures exchange. As promised, here is the letter outlining these concerns.

Your comments at our meeting and your July 1 letter seem intended to assure me that the Commodity Futures Trading Commission staff is thoroughly examining issue raised by the Cantor Financial Futures Exchange and that additional public comment would occur in light of the substantial materials received since the original application was submitted. Because I was specifically concerned earlier that neither the unique structure of the proposed exchange nor the fundamental policy issues that result were not highlighted in the original request for comment, I reviewed the Commission's second request for public comment.

I'm disappointed that again the broad policy issues which such an application raise are not addressed. I believe that your agency has a particular obligation to consider the implications the proposed structure might have for the agricultural markets. You state that the application raises several issues requiring careful study and review and that substantial materials were submitted, yet the description of the proposal is brief with no policy issues identified. Will the implications of this proposal be obvious to the agricultural community which increasingly is relying on market signals for their decisions? Will 15 days be a sufficient time for the public to do their own analysis of those policy issues?

Your response also failed to respond to my question of whether your Commission has the statutory tools necessary to approve such a radical departure from the traditional exchange structure. I still look forward to your response to that question as well as my other original concerns.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, reading "Leonard L. Boswell". The signature is written in a cursive style with a large, prominent initial "L".

Leonard L. Boswell
Member of Congress

cc: Commissioner Barbara Pederson Holum
Commissioner David D. Spears
Commissioner John E. Tull Jr.

LLB:do