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National Grain and Feed Association

CFTC

July 16, 1998

Jean Webb, Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, D. C. 20581

Dear Ms. Webb:

This letter responds to the July 1, 1998 notice regarding the Cantor Financial Futures Exchange, Inc. application as a designated contract market under the regulations of the CFTC.

The National Grain and Feed Association (NGFA) is a non-profit trade association of 1,000 grain, feed, exporting, trading and processing firms involved in the cash trade of grain, feed ingredients and grain products. Our members rely on contract markets to price and hedge products.

While NGFA is committed to working with government to provide greater flexibility, more marketing alternatives and a more efficient system for pricing and hedging, we have concerns about the proposed exchange. The proposal indicates that the exchange and the brokerage will be under the complete control of a single entity. While we understand that many legal questions are being raised, on a more practical level, is this an appropriate business relationship with appropriate controls? The proposed structure is certainly unique in design and untested, and deserves close scrutiny.

NGFA's primary interest is in the grains and livestock sector, but our concern is that any new concept--particularly one that establishes unique and new relationships between customers, exchanges and brokers---be reviewed carefully, with proper deliberation. The impacts of the wrong CFTC decision could establish precedents that would adversely affect agricultural markets.

Sincerely yours,

Kendell W. Keith
President

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