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National Grain and Feed Association

September 15, 1998

Office of Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

OFFICE OF THE SECRETARIAT

1998 SEP 16 P 12:29

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COMMENT

Dear Madam Secretary:

Re: Proposed Rules on Revision of Federal Speculative Position Limits and Associated Rules, F.R., July 17, 1998, p. 38525.

The National Grain and Feed Association (NGFA) is comprised of 1,000 companies involved in grain and feed merchandising, storing, processing, feeding and exporting. Our members use futures markets principally to hedge and price grain efficiently in both futures and cash markets.

The NGFA is generally supportive of the proposed changes in the speculative limits: increased substantially for back months with limits remaining in effect for the front (nearby) delivery month. While NGFA held some concerns about speculative limit increases in the past, the increases have proven to be easily managed by the market, thus justifying the implementation of the final plan of spec limit increases for out months.

We do have one concern about the proposal for which we seek clarification. On page 38530 of the Federal Register Notice of July 17, 1998, it is proposed that exchanges have the right to petition CFTC to allow "position accountability" spec limits instead of absolute limits, provided that the commodity meets certain volume/open interest thresholds. The rules are not clear as to whether this provision applies to all contracts or only a subset of existing contracts. We request the CFTC to clarify this point so the rules are understandable to market users.

Sincerely yours,

Tom Coyle
Co-Chair
Risk Management Committee

Diana Klemme
Co-Chair
Risk Management Committee