

CARGILL

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COMMENT

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1998 SEP 18 P 3:11

September 18, 1998

Ms. Jean A. Webb
Secretary
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street N.W.
Washington, D.C. 20581

OFFICE OF THE SECRETARY
SEP 18 4 42 PM '98
COMMODITY FUTURES
TRADING COMMISSION
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Re: CBOT Proposed Amendments to the Wheat Futures Contract Regarding Vomitoxin in Deliverable Wheat

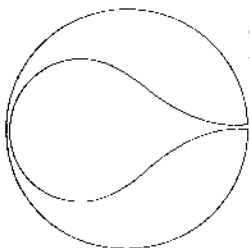
Dear Madam Secretary,

Cargill, Incorporated is a merchant and processor of agricultural commodities and other bulk products. As such, we make significant use of Chicago Board of Trade (CBOT) futures contracts for hedging a variety of price risks. We appreciate the opportunity to comment on the CBOT's proposed revisions to the wheat futures contract so as to limit vomitoxin in deliverable wheat.

We were included in the CBOT's discussions on this issue as their proposal was formulated. They called in a large group of both commercial users of the market and traders to gather views before finalizing this proposal. We found this to be a good process for getting consensus as the process moved along rather than waiting until the proposal was finalized before getting feedback.

We support the proposed limit of 5 parts per million vomitoxin in deliverable wheat. This change will provide more certainty to takers of delivery who are at times, dependent upon crop conditions, concerned with the merchantability of the grain they receive from the delivery markets. This specification level is in line with general market and USDA standards. It also is not so onerous as to limit deliveries even during years when the crop itself contains wheat with a vomitoxin level over 5 as delivery elevators can clean, blend, and otherwise manage to get their stocks to appropriate levels. The change should ensure that price convergence of the futures and cash takes place smoothly.

The CBOT's proposed method of getting this change implemented quickly on an existing contract came at the request of market users who didn't want to spend another year dealing with uncertainty. The novel approach of paying the warehousemen a nominal 2-cents-per-bushel fee to convert old warehouse receipts to those meeting the new standards is a good solution which will get the new, improved contract terms quickly into use.



Page 2
Ms. Jean A. Webb
CFTC

In conclusion we support these proposed changes and would encourage the CFTC to approve them as written. Thank you for the opportunity to comment and if we can be of further assistance, please do not hesitate to ask.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Jim Sutter" with a stylized flourish at the end.

Jim Sutter
Vice-President, Cargill Grain Division
CGD/Oilseeds Futures Manager