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U.S. COMMODITY FUTURES TRADING COMMISSION
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David D. Spears
Commissioner

September 23, 1998

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To: Comment File

COMMENT

From: Office of Commissioner David D. Spears *D.S.*

Re: Meeting with Representatives of the North American Millers' Association
Concerning Proposed CBOT Rule Change Regarding Vomitoxin in Deliverable
Wheat

On Thursday, September 17, 1998, Commissioner Spears met with representatives of the North American Millers' Association (NAMA) concerning issues related to the CBOT's proposed rule amendments regarding vomitoxin levels in deliverable wheat. Fred Linse and John Bird, of the Division of Economic Analysis, and Don Heitman, counsel to Commissioner Spears, also attended the meeting. The NAMA representatives present at the meeting were:

Craig Hamlin, president, ADM Milling Company
Richard Siemer, president, Siemer Milling Company
Howdy Holmes, president, Chelsea Milling company
Art Loeffler, Star of the West Milling Company
Robert Harper, president, Hopkinsville Milling Company
Betsy Faga, president, North American Millers' Association
Jim Bair, vice president, North American Millers' Association

The NAMA representatives summarized their concerns about the proposed vomitoxin rule, primarily the fact that the proposed vomitoxin level of 5 parts per million (ppm) in deliverable wheat would result in wheat that could not be milled into flour fit for human consumption under FDA guidelines. Thus, deliverable wheat would not be usable for the major hedge users of the contract. They also expressed concern over the CBOT process that had changed the level proposed in the rules from the 3 ppm standard recommended by an exchange task force to the 5 ppm standard ultimately approved by the exchange board. The NAMA representatives expressed support for a 2 ppm standard, which they said is the current standard applied in the cash market.

The EA representatives explained the mechanics of the rule approval process, including the inherent limits on the Commission's discretion in disapproving a proposed rule. They noted that they would be discussing the vomitoxin issue further with exchange staff and with

representatives of the FDA. Commissioner Spears accepted a comment letter from NAMA, which he forwarded to the Secretariat for inclusion in the comment file, and also urged the individual NAMA members to file written comments as well. Commissioner Spears also suggested that NAMA undertake an effort to reopen a dialogue with the CBOT on this issue.