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February 24, 1999

COMMERCIAL

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

COMMENT

Dear Ms. Webb:

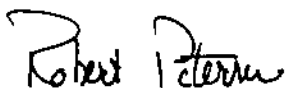
The National Grain Trade Council submits these comments on changes the Chicago Board of Trade has proposed to make in its soybean oil futures contract. The Commission asked for public comment on these proposed changes in the January 11, 1999, *Federal Register*.

The CBOT has proposed three changes in the soybean oil futures contract. We support the changes. We believe the changes will, as stated by the CBOT, improve the pricing accuracy and hedging effectiveness of the contract. The three changes are as follows:

- Increase the maximum yearly adjustment for a delivery territory to 20 cents per hundredweight from the current maximum yearly adjustment of 10 cents per hundredweight.
- Require regular soybean oil warehousemen to report to the CBOT Registrar the daily load-out rate for each regular facility and to limit delivery capacity to 30 times the registered daily load-out rate for the facility.
- Require operators of regular soybean oil facility which are not located on Class I railroads to pay the switching and/or freight costs to the nearest Class I railroad interchange point, if requested by a taker of delivery.

The most significant change is the latter, requiring that oil delivery be made on terms that effectively provide the oil at the nearest Class I railroad interchange. Futures contract terms must provide for efficiency, economic access, and fairness, among other items. Delivery stocks must be accessible on equal economic terms with stocks from other locations. That is not the case today for locations away from Class I railroads. The cash market tends to price stocks at such a location more cheaply because of the added transportation cost. The CBOT's proposed change would allow the futures market to mirror this characteristic of the cash market. We strongly support this change.

Respectfully,



Robert R. Petersen
President