

DOYLE & BOLOTIN, LTD.

Attorneys at Law

BERNARD F. DOYLE, JR.
WILLIAM J. BOLOTIN

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C.F.T.C.

1999 APR 16 P 14:00
10 S. LASALLE STREET
SUITE 3450
CHICAGO, ILLINOIS 60603
312/782-5600 TELEPHONE
312/782-6660 FACSIMILE

COMMENT

April 16, 1999

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BY FAX 202-418-5527

John Mielke, Acting Director
Division of Economic Analysis
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, D.C. 20581

Re: Soybean Oil Contract

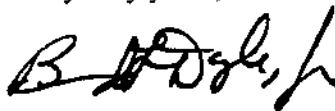
Dear Mr. Mielke:

Our client, South Dakota Soybean Processors, Inc. ("SDSP") has asked us to forward the attached letter, dated March 3, 1999, that it received from the Chicago Board of Trade ("CBOT") concerning the proposed amendments to the soybean oil contract. The letter addresses the application of the proposed rules to previously issued warehouse receipts.

We request that you review this document and place it in the public comment file so that the Commission and other market participants will understand how the CBOT intends to interpret the proposed amendments.

Please contact me if you have any questions.

Very truly yours,



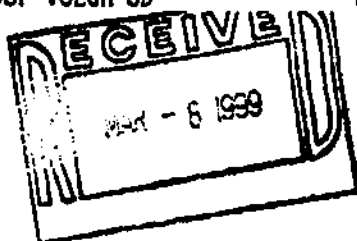
Bernard F. Doyle, Jr.

cc: Jean A. Webb, Secretary
Commodity Futures Trading Commission

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David B. Lehman
Group Manager
Commodity Products
Market and Product Development Department

March 3, 1999

Rodney G. Christianson
Chief Executive Officer
South Dakota Soybean Processors
P.O. Box 500
100 Caspian Avenue
Volga, SD 57071

Dear Mr. Christianson:

This letter is in response to your questions in your letter on February, 16, 1999 regarding the interpretation of proposed revisions in the terms of the Chicago Board of Trade (CBOT[®]) soybean oil futures contract. The answers to your questions concerning regulations 1180.01 and 1180.03 are as follows:

1. *For the purpose of revised Regulation 1180.03, does an outstanding soybean oil receipt retain its original date of issuance when delivered by SDSP to the first taker of delivery?*

Yes.

Does the date of issuance of an outstanding soybean oil receipt issued by SDSP change as the receipt is redelivered from the first taker of delivery to the new taker of delivery?

No.

2. *As outstanding receipts reach their one year expiration and are reissued by CBOT, is the reissue date now the official date on the warehouse receipt for the purposes of revised regulation 1180.03 such that SDSP must pay freight to a Class I Railroad?*

No.

3. *If an SDSP warehouse receipt was reissued on 11/27/98 and remains outstanding, will this receipt be reissued no later than 11/27/99?*

Not necessarily. Regulation 1143.02 states that soybean oil warehouse receipts that are not returned to the issuing warehouse prior to becoming one year old will be subject to a late charge on storage payments. Therefore, a receipt holder could wait until sometime in the year 2000 to return receipts to your warehouse to be reissued. In that event, the holder

must pay storage charges and the late charge and will be issued a new receipt with a new date. For example, if the owner of an outstanding SDSP warehouse receipt dated 11/27/98 surrenders the receipt on January 13, 2000 to SDSP's agent and requests that the receipt be reissued, the date of registration on the newly issued receipt would be the date that the registrar cancels the old receipt and registers the newly reissued receipt (for example January 14, 2000). However, the Registrar will designate on the newly reissued receipt dated January 14, 2000 that the provisions of regulation 1180.03 will not apply.

Would SDSP receipts that are reissued on 11/27/99 be protected from payment of freight charges if the warehouse receipts were canceled for shipment before 11/27/2000?

Yes. In addition, if the receipts issued on 11/27/99 are reissued on 11/27/2000, the newly issued receipts would be protected from freight charges if these warehouse receipts were canceled for shipment before 11/27/2001. As long as a reissued receipt is based upon soybean oil that was registered before December 31, 1999, the reissued receipt would be protected from the provisions of regulation 1180.03.

4. *If a current holder of SDSP's warehouse receipts redelivers SDSP's soybean oil to a new taker of soybean oil and a new date is issued to the warehouse receipt, what is the effect if SDSP's warehouse receipts are transferred or redelivered in January 2000 and with a new date? Is SDSP immediately responsible for freight charges under revised Regulation 1180.03?*

No. See answers to previous questions.

5. *If holders of SDSP's current receipts cancel the warehouse receipts the end of January 2000 and provide no load-out instructions, what happens under these circumstances?*

The soybean oil is subject to storage charges per CBOT regulations and the warehouseman waits for owner's instructions. If the owner submits shipping instructions and makes transportation equipment available, the shipper will load in accordance with the terms of the soybean oil contract. The owner of the soybean oil must pay accumulated storage charges and load-out fees.

In the event that the owner decides not to ship the soybean oil and requests that new warehouse receipts be issued against these stocks, the new receipts would be subject to the provisions of Regulation 1180.03. However, since the warehouseman would be responsible for the potential cost of complying with regulation 1180.03 on the new receipts, the warehouseman may recover this potential expense as part of the charge to the owner of issuing the new receipts. The amount of compensation, if any, would be

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negotiated between the owner of the soybean oil and the warehouseman. In addition, registration fees and other costs pertaining to the registration would be for the account of the owner of the oil.

Will the results of the SDSP's load-out capacity test be satisfactory to the CBOT for SDSP to keep its regular warehouse receipt capacity at 2300?

While there may be an arithmetic error in the numeric data you cited in your letter, it does appear that SDSP has the physical capability to maintain its approximate regular capacity. (30 jumbo tank cars x 152,500 lbs x 30 days = 137,250,000 lbs) According to CBOT records, SDSP's current regular capacity is 138,000,000 lbs (2,300 receipts).

If you have any questions concerning the above answers to your questions, please call me at (312) 347-3848.

Sincerely,



David D. Lehman

cc: Kevin McClear