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CAN-OAT —MILLING—

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Aug 10, 1999

Jean A. Webb
Commodity Futures Trading Commission
Three Lafayette Centre, 1155 21st Street, NW,
Washington, DC. 20581

COMMENT

Re: CBT Oats Minneapolis at par amendments.

Dear Jean

Can-Oat Milling operates two state of the art oat-processing plants located in western Canada. As one of the largest oat milling companies in North America it is critical to us that price discovery mechanisms are functioning properly.

In light of the changes in rail freight rates for oats arriving in Minneapolis or Chicago the proposed amendment seems prudent. Once in effect the change will reflect the true nature of the oat trade in Minneapolis. Of concern to me is the timing of the proposed change. In my estimation the change would be better suited to the September 2000 contract rather than the July 2000. A couple of factors should be seriously considered.

Firstly, even though there was no "Open Interest" when the contract was de-listed, the fact that the contract was publicly quoted gave the trade the indication that "normal" carries would exist between May and July futures. It is no uncommon for the food manufacture industry to negotiate sales contracts with a fixed basis or fixed price for a whole year. Based on this I believe that a significant amount of forward business was done with out actually trading the July futures contract.

Secondly, if the change is made for the July contract it will in essence change market place during the last two months of a crop year. The proposed amendment is likely to change the July futures value, or the relative basis levels will have to adjust to accommodate the change.

For these reasons I will respectfully suggest that the proposed change be delayed to the September 2000 contract. It would be the start of a new crop year and I don't believe there has been any business negotiated that far out. If I can be of further assistance please feel free to contact me at 204-857-9700 or dennis.galbraith@can-oat.com.

Thank you for your consideration in this matter.



Dennis Galbraith
Grain Procurement
Can-Oat Milling

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