February 3, 2004

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

Re: Section 5c(c)(2) and Regulation Section 40.5 submission. Request for Commission Approval of Amendments to Prohibit the Delivery of Cattle Aged 30 Months or More. Amendments to CME Rules 10103.B. and 10103. C. CME Submission #04-11.

Dear Ms. Webb:

The Chicago Mercantile Exchange (CME) is requesting approval to prohibit the delivery of cattle aged thirty months or more. The desire of the CME to account for the segregation and valuation of cattle greater than thirty months of age is appropriate. If significant discounts develop, a rule must be in place to prevent these animals from being inappropriately attracted to the delivery process. However, the CME provides no guidance as to how this rule would be implemented nor is there any attempt to establish the utilization of a market-based discount. This lack of critical information relative to the implementation of the rule makes it impossible to directly oppose or support this submission. That being said, we feel strongly that the following requirements and suggestions are critical to the successful implementation of the proposed rule.

1. The "Live" delivery day process must not be altered. Any additions to the grading and weighing process prior to establishing the pay weight can be expected to result in the following.

    a. A reduction in the capacity of the live delivery system.
    b. A negative basis adjustment (cash – futures) for existing hedge positions.
    c. A reduction of deliverable supply.
    d. The need to lower the spot month speculative trading limit.

    For the Live Cattle Contract the relationship of available deliverable supply and spot month speculative trading limit has been and will continue to be a fragile one. Because of this fragile relationship the constant draw down in delivery supplies, resulting from new government regulations, should heighten concerns of market manipulation and intensity the need for market oversight. For the CME, the pursuit of additional available deliverable supplies must be an ongoing endeavor.

2. The CME must not create a discount where one does not exist and should strive to follow the current contract procedure of utilizing market based discounts as reported by USDA.

Although we know of no opposition to these requirements and suggestions, it is clear that any entity desiring to enhance their ability to manipulate the Live Cattle Contract for personal gain by unduly increasing the leverage of the long speculator during the delivery period, would oppose each of our requirements and or suggestions.

Thank you for your consideration of this matter.

Bartlett Cattle Company, L.P.