



## North American Millers' Association

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November 12, 2009

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

Sent via email

Re: Variable Storage Rate for Wheat

Dear Mr. Stawick:

The North American Millers' Association is the trade association representing the wheat, corn, oat and rye milling industry. NAMA's 47 member companies operate 170 mills in 38 states and Canada. Their aggregate production of more than 160 million pounds per day is approximately 95 percent of the total industry capacity. NAMA's members are the classic hedgers for which the futures markets were created in the mid-19<sup>th</sup> century.

NAMA has analyzed the CME Group's proposal to implement a variable storage rate (VSR) for its wheat contract. NAMA is not convinced the VSR will force convergence in that contract as its proponents believe. In fact, it can be argued the VSR will only benefit the owner of deliverable grain storage to the detriment of those using futures as a legitimate long hedging tool of risk management.

However, should the VSR concept be approved as it seems the Agency is inclined to do, we recommend making it effective in a deferred month where open interest is minimal.

We do not support implementing the VSR with the December 2009 or March 2010 contracts. A May 2010, July 2010 or September 2010 implementation would negatively impact far fewer contract holders.

Thank you for the opportunity to offer these comments, and any consideration you may give them.

Sincerely,

James A. Bair  
Vice President