



North American Millers' Association

600 Maryland Avenue, SW • Suite 825 West • Washington, DC 20024
202-484-2200 • Fax 202-488-7416

October 3, 2008

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

Dear Mr. Stawick:

These comments concern the changes proposed by the CME Group to its Chicago Board of Trade (CBOT) wheat contract. The North American Millers' Association (NAMA) is the trade association representing the 49 companies that operate 170 wheat, corn, oat and rye mills in 38 states and Canada. NAMA's members collectively produce more than 160 million pounds of product daily, exceeding 95 percent of the total industry capacity.

NAMA's members use futures contracts as classic hedgers. Our customers – bakers and other food manufacturers – buy flour for delivery in deferred months, often more than a year in advance. For millers to manage the risk of selling that flour before the wheat crop has even been planted, a viable and efficiently functioning futures market is crucial. It has been our belief for several years that the CBOT wheat contract is not performing well.

We support each of the three CME Group proposals, that is, increasing the storage rates from July through November, adding three delivery territories and lowering the allowable level of vomitoxin for par delivery from 3.0 parts per million to 2.0 parts per million.

However, while NAMA supports the three CME Group proposals, we are not sure the proposed changes, if adopted, would be sufficient to achieve convergence of the cash and futures markets. That convergence has traditionally been a feature of the contract and evidence of an efficiently performing futures market, but has been conspicuously absent in recent years.

NAMA has formed an ad hoc committee for the purpose of studying and commenting on these and other proposals that may arise. We look forward to engaging on these topics as appropriate.

Sincerely,

James A. Bair
Vice President