07-14

9

ASA
American Soybean Association ®

RECEIVED
C.F.T.C.
2007 DEC 26 PM 5:15
RECORDS SECTION

12125 Woodcrest Executive Drive, Suite 100, St. Louis, MO 63141, Phone: (314) 576-1770, Fax: (314) 576-2786

OFC. OF THE SECRETARIAT
2007 DEC 21 PM 4:09
RECEIVED
C.F.T.C.

December 21, 2007

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

COMMENT

RE: Revision of Federal Speculative Position Limits

Dear Mr. Stawick:

On behalf of the American Soybean Association (ASA), I appreciate the opportunity to comment on the Commodity Futures Trading Commission's (CFTC) proposed increases to speculative position limits. ASA is the policy advocate and collective voice of its 24,000 producer-members on domestic and international issues of importance to all U.S. soybean farmers.

ASA supports the CFTC's efforts to improve efficiency in the market. We believe that efficient, trustworthy, and competitive markets serve the interests of all market participants, including farmers.

ASA's farmer members have recently been expressing concern about what many perceive as a lack of convergence and lack of performance of certain exchange-traded contracts. We recognize that there may be a number of factors that may be influencing any lack of convergence, including transportation costs and the increased role of investors.

In considering the proposal to increase speculative limits, ASA's question to the CFTC is whether analysis has been completed on the impact of changes to speculative limits on convergence between futures and cash markets? Does the CFTC believe the changes in spec limits would be neutral, or could the changes exacerbate lack of convergence? If the changes could exacerbate lack of convergence, ASA would be opposed to increasing the limits.

We are aware that members of the National Grain and Feed Association are meeting to review this issue in a few weeks. We share their views that any changes in spec limits need to be reviewed carefully in light of significant changes that are occurring in the markets. We request that the CFTC analyze whether increasing speculative position limits would negatively affect convergence of cash and futures markets, and not proceed with the increase if it is determined that such increases would have negative effects.

Sincerely,

John Hoffman

John Hoffman
President