

COMMENT

00-19
69

secretary

From: FarmerDEP@aol.com
Sent: Thursday, June 22, 2000 8:57 AM
To: secretary@cftc.gov
Subject: Proposed CBOT price limit change

RECEIVED
O.F.T.C.

'00 JUN 22 AM 10 54

OFFICE OF THE SECRETARIAT

In regards to the proposed amendments to the CBOT's maximum daily price fluctuation limits:

It's simply a no brainer. Wait to enact the joining with Eurex until the correct computer language has been added to that electronic system to allow the functioning of price limits. DUH!

It seems very fishy to me that the 'good old' CBOT is in such a darn hurry to jump into this. I see nothing but downside to the raising of daily limits. Who am I to say this? I am currently a corn and soybean farmer, formerly a commodities broker, and I serve as Vice-President of our local grain elevator coop.

The original function of the CBOT, which I hope never gets lost in the shuffle of "progress", was to provide price discovery for farmers' grain in order to smooth out the wild price swings seen every year in the supply/demand cycle. I do fear that the 'powers that be' may be forgetting that. I understand the desire to not lose their precious market share of trading business. However, the primary concern should still be to the producers of the product traded. That's why they are supposed to be going to work every day, NOT to make money for their trading funds or their local trader pockets who wouldn't know a soybean plant from a hole in the ground.

The absolute quickest way to drive actual commodities producers from using the exchange is to subject them to even higher trading margins and price swings. Don't tell me they'd be worse off if they joined with Eurex (too soon) and trade had to stop because one little contract hit limit. SIMPLY don't join with this system until the proper code is in place to allow limits in the electronic trade. Why's it so hard? Out here in farm country the CBOT is already looked at skeptically by too many of my fellow producers.

Please don't give them even more reason to distrust the exchange. Every effort must be made to help these very producers to understand how to use the CBOT to their advantage. Farm financial risk is higher than ever before. If, in order to hedge off that risk the producer is forced to fund ever higher margins and be subject to price swings that small bankers are hesitant to back on the front end, then you will drive away the very entities that the CBOT was formed to help.

The margin requirements for of our local grain elevator coop are mind boggling. It's a matter of upfront cash to be able to fund bigger price moves. The elevator would be forced to borrow more under the seasonal loan and endure larger interest charges. Elevators that are bumping their loan limits now might be out of luck to fully cover themselves. It's cash concerns plain and simple. The end loser would be the coop's owners....yes, the grain producer. It's amazing how it always comes back to that!

Please use common sense here. Let the producers out here in farm country see that you haven't forgotten them. Build some good will for once and think with the whole brain not just the part in the pocket. Thank you.

RECEIVED
O.F.T.C.
'00 JUN 22 PM 1 38
RECEIVED O.F.T.C.
RECORDS SECTION