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Webb, Jean A.

From: secretary
Sent: Thursday, June 22, 2000 5:26 PM
To: Webb, Jean A.; Colbert, Edward W.
Subject: FW: Proposed amendments to the CBOT's maximum daily price fluctuation limits

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COMMENT

-----Original Message-----

From: Mike Perry [mailto:maperry@farmland.com]
Sent: Thursday, June 22, 2000 4:47 PM
To: secretary@cftc.gov
Cc: wardfca@alltel.net; Ed J. Connor; fcba.bob@farmland.com; Mike Martin; chuckl@fcstone.com; michellep@fcstone.com
Subject: Proposed amendments to the CBOT's maximum daily price fluctuation limits.

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OFFICE OF THE SECRETARY

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

Dear Jean A Webb,

In regards to the proposed changes to the maximum daily price fluctuations limits on the CBOT grain futures, I want to go on record as being strongly opposed to them. The implementation of these new limits will put undue hardship on my clients and small country elevators. In these difficult times, working capital is hard to maintain, and these new limits will put a strain on the working capital of my country elevators. Higher possible limit moves will require larger maintenance margins for my clients. The overburdened ag sector cannot stand the strain of this additional drain on their finances at this time.

I am also opposed to suspending trading when any one option hits the limit mark. Under current provisions, if one option month moves up or down the limit, we still have the opportunity to hedge our risk in a different option month many times. Then, using spreads, we can get the hedge where it needs to be. Under the new regulations, once any one option month hits a limit move, we would be unable to conduct any more business.

My business consists of using the CBOT to the tune of about 10,000 to 15,000 contracts a year. The proposed increase could potentially increase maintenance margin requirements by up to \$400,00 to \$500,000 dollars. In our depressed ag economy, my clients do not have that kind of money lying around just because your equipment is inadequate. The current system is extremely efficient, and does not need to be changed. I am asking the Commission to turn down the Chicago Board of Trades request to raise the maximum daily price fluctuations. It will be bad for our local economy.

Michael A. Peery
Manager
Central Marketing Coop, Non-Stock Inc.