



NATIONAL CATTLEMEN'S BEEF ASSOCIATION

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COMMENT

August 21, 2000

Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1125 21st Street, NW
Washington, DC 20581

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RE: Regulatory Reinvention

Dear Commissioners:

The National Cattlemen's Beef Association appreciates the opportunity to review and comment on *A New Regulatory Framework for Multilateral Transaction Execution Facilities, Intermediaries, and Clearing Organizations*. We commend the Commission for the efforts that have gone into this proposal and are encouraged by the flexibility in the proposed rule allowing agricultural futures markets to evolve and remain viable risk management tools during a time of rapidly changing technology. Our comments will focus on two aspects of the proposed rule—Contract Amendments and Recognized Derivatives Transaction Facilities.

Contract Amendments

The NCBA supports retaining the 45-day prior approval period for amendments and changes to rules on existing contracts and contracts with open interest. Requiring prior approval will alleviate marketplace uncertainty, buttress producer confidence, and maintain producer input on issues of importance to risk management, basis convergence, and price discovery.

The Commission is well aware of NCBA's rationale for supporting prior approval of contract amendments. Accordingly, we recognize that structural changes at the Chicago Mercantile Exchange should, over the long-term, improve the relationship between the beef industry and the institution. However, at this time, the industry would not support a rule that would provide unchecked authority to the exchange to make contract amendments.

Public participation during the approval process will retain a balance between the interests of producers and futures exchanges until such time as market forces and competition replace regulation.

AMERICA'S CATTLE INDUSTRY

Denver

Washington, D.C.

Chicago


Recognized Derivatives Transaction Facility

The Commission asked for comments on the advisability of allowing enumerated agricultural commodities to trade on a DTF. We have confidence in the CFTC to evaluate markets for eligibility to trade on a "Recognized Derivatives Transaction Facility" (DTF) under the standards set forth in the proposed rule and after a public notice and comment period. The agricultural futures markets serve as the price discovery mechanism for agricultural commodities. Any changes to these markets can have a significant impact on farmers and ranchers. Therefore, we strongly believe that agricultural producers and their representative organizations should have the opportunity to comment on any petition that seeks approval for trading an enumerated agricultural commodity at the DTF level of regulation.

In reviewing a petition to trade an enumerated agricultural commodity on a DTF, we support the ability of the CFTC to require the DTF, on a case-by-case basis, to abide by additional provisions, as the CFTC deems necessary.

Again, we appreciate the opportunity to comment on the proposed rule. If you have any questions concerning this or any other issue, please contact Bryan Dierlam with the NCBA staff. Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Lemmy Wilson". The signature is written in dark ink and is positioned above the typed name.

Lemmy Wilson
Chairman
NCBA Live Cattle Marketing Committee