From: Chris Melson [mailto:chrism@snakecreekangus.com]
Sent: Tuesday, December 09, 2003 10:13 PM
To: submissions@caftc.gov
Cc: jcook@cme.com; ppeterso@cme.com
Subject: Submission#03-101 Expanded Limits

To Whom It May Concern;

I do not buy into your statement that it is generally accepted that the limits need to be expanded for the live cattle and feeder futures. The rule amendment to make the limit moves $3 per cwt. for each contract would be disastrous. The common cattle raiser/feeder that uses the futures for a risk protection tool would be eliminated from the market place. The next move would be to increase the margin required.

The amount of exposure for even a small position on a 1 or 2 day limit move would force people like myself to seriously reconsider and probably not use the futures in any manner. Time is a consideration. When the exposure is increased that much, it becomes very unattractive to be in a position that can force you to make finicial decisions that may be irreversible.

I beleive that these proposed changes would have effects all the way down thru the business. It most likely will change how banks loan money and view equity positions on hedged versus unhedged cattle. It appears to me that the CME is solely self centered in thinking that these limits are good business.
It also does not appear to me that this change has been very well publicized, which may be for a reason. Are the ones proposing this concerned that those who the futures market is supposed to provide a service for may not be in agreement ??

We know that a majority of our customers are also opposed to this measure. I beleive that any group of producers you asked would share the same opinion.

Sincerely,

Chris A. Melson
Panhandle Feedeers, Inc.
Morrill, Ne.

Broken KC Cattle Co.

Claude, Tx.