FUTURES CONTRACTS
Adopted at the SCA 90th Annual Meeting
<u>Chickasaw County Club, Memphis, TN – April 21, 2005</u>

1. Recommend that Congress expand the definition of a hedge risk other than simply price risk, e.g., yield, rainfall, etc.

2. Urge the U. S. Congress to continue the CFTC as an independent regulatory agency with full authority over all forms of futures and options trading and that the CFTC not be merged with the SEC or any other regulatory agencies or federal departments

3. Recommend that the New York Board of Trade:

    A. Not establish any new delivery points.

    B. Not increase the number of deliverable grades.

    C. Not adopt the practice of interior sampling for certification.

    D. Continue to defer consideration for stickiness or sugar until a universally agreed method is accepted by the trade.

    E. Maintain the current limits in the daily price movements of the No.2 contract.

    F. Not establish price limits on option contracts based on the No. 2 contract.

    G. Continue efforts to persuade the CFTC. to disallow cotton pledged as CCC collateral eligible for certification for possible delivery on the No. 2 contract.

    H. Not make margin requirement retroactive.

    I. That the NYBOT determine whether the penalties for non-compliance with the Delivery rules are sufficient to discourage and deter contract defaults.

    J. Adhere to and maintain strict standards for bale conditions.

    K. Recommend that ACSA study the effects of changing base grade to 31-3-35 and leave the certificated grade range unchanged.

    L. That the NYBOT report index funds as Non Commercial Hedge Account instead of Commercial Hedge Account on the Spec/Hedge Cotton Report.

4. We recommend that the CCC be asked to publish a clarification of its intentions regarding how it will handle certificated stock that is simultaneously in the CCC loan should it be forfeited.