



March 9, 2012

Fred Seamon
CME Group
20 South Wacker Drive
Chicago, IL 60606

Dear Dr. Seamon:

On March 7, 2012 the USA Rice Federation Rice Futures Contract Working Group, which consists of representatives from all segments of the rice industry from all production regions, held a conference call regarding the three potential changes to the rice futures contract that were outlined in CME's e-mail directed to rice market participants dated March 2.

On the first issue of increasing storage rates to 40/100s of a cent/cwt/day (approximately 12 cents/cwt/month) the group reached a unanimous consensus that the storage rate should be raised to "at least" 40/100s of a cent/cwt/day in an effort to improve convergence. There is unanimous agreement among all segments of the rice industry that this is a step in the right direction to address the convergence issue.

On the second issue, following extensive discussion about the impacts of expanding the delivery territory to the Mississippi River, the group voted nine to eight (with two abstaining) against expansion of the delivery territory at this time.

On the third issue of changing the delivery instrument from a warehouse receipt to a shipping certificate the group was undecided with a nine to nine (with one abstaining) tie vote. This partly reflected the fact that the group did not endorse an expansion of the delivery territory to the Mississippi River at this time, and therefore did not see significant usefulness in making the change to shipping certificates.

Generally, there was an acknowledgment that future changes to the contract may need to be considered, but that the increase in storage rates is a good first step. There was concern expressed by some about making too many contract changes at one time without knowing the potential impact on participation in the contract and liquidity in the market. A common phrase was "take it slow and consider a staged implementation of any changes".

Thank you for your consideration of the views of the USA Rice Federation Rice Futures Contract Working Group. We appreciate the tremendous effort and time you and the CME have devoted to consider improvements to the rice contract, and we look forward to working with you as you implement any potential changes the CME decides to make to the contract.

Sincerely,

John Owen
Chairman
USA Rice Federation Rice Futures Contract Working Group

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