



U.S. COMMODITY FUTURES TRADING COMMISSION

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OFFICE OF THE SECRETARIAT  
February 29, 2000

DIVISION OF  
ECONOMIC ANALYSIS

Ms. Jill S. Fassler  
Vice President and Associate General Counsel  
Coffee, Sugar and Cocoa Exchange  
Four World Trade Center  
New York, New York 10048

**Received CFTC  
Records Section**

03/01/2000

Re: Proposed amendments to the Coffee, Sugar & Cocoa Exchange Coffee C Futures Contract Rules 8.00 and 8.14, Appendix I, Appendix II, and Appendix V (CSCE Reference 00-3).

Dear Ms. Fassler:

In correspondence dated January 13, 2000, February 9, 2000 and February 23, 2000, the Coffee, Sugar & Cocoa Exchange submitted the subject proposed amendments to the CSCE's coffee "C" futures contract. The proposed amendments were submitted for Commission approval pursuant to Section 5a(a)(12)(A) of the Commodity Exchange Act and the fast track procedures of Commission Regulation 1.41(b).

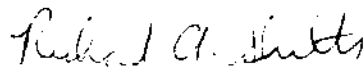
Under the proposed amendments, the discount applicable to delivery of Peruvian coffee would be reduced to 1¢ from 4¢ per pound. The proposed amendments also would eliminate San Francisco as a delivery point. In addition, the Exchange proposes to require that deliverable coffee must be packaged in bags having a minimum tare weight of 700 grams. Further, the proposed amendments will provide that, when the Exchange determines that a sample of coffee fails to meet the contract's quality requirements, the owner will be permitted to order a new sample to be drawn for submission to the new panel of graders performing the appeal grading at the owner's expense. Finally, under the proposed amendments to the sampling procedures, Exchange-licensed master samplers will be instructed to insert one copy of the sampling order into the sample bag, mark the Exchange-assigned sequence number on the outside of the sample bag(s) and deliver the sample(s) to the Exchange.

The Exchange intends to make the proposed amendments reducing the discount for Peruvian coffee effective following Commission approval with respect to all existing contract months with no open interest on the effective date and to all newly listed contract months. The CSCE intends to make the proposed amendments deleting San Francisco as a delivery point, permitting new samples to be drawn for grade appeals, and changing the method of transmitting completed sampling orders by master samplers effective with respect to all existing and newly listed contract months following Commission approval. The Exchange intends to make the proposed amendments establishing the proposed 700-gram minimum standard weight for coffee bags effective for coffee certified on or after March 1, 2000. However, the CSCE proposes to

permit through July 1, 2000 certification of coffee for delivery that is contained in bags that do not meet the proposed 700-gram standard provided that such coffee is double bagged.

The Division has reviewed the materials submitted by the CSCE and has determined that the submission appears to meet the Fast Track requirements of Commission Regulation 1.41(b). Accordingly, you are advised that, as of the close of business on February 28, 2000, the proposed amendments and implementation plan were deemed approved. The Exchange is advised to continue to monitor cash price differences for Peruvian coffee to assure that the futures differential reflects cash market pricing relationships and complies with the Commission's policy on quality price differentials.

Sincerely,



Richard A. Shilts  
Acting Director