



SEC & CFTC

OFFICE OF THE VICE PRESIDENT
WASHINGTON

May 18, 1983

Mr. H. Richard Farr
Executive Vice President
Farr Feeders, Inc.
Box 878
Greeley, Colorado 80632

Dear Mr. Farr:

The Vice President has asked me to respond to your recent letter concerning proposals to merge the SEC and CFTC in connection with the work of the Task Group on Regulation of Financial Services, of which I am Staff Director. Perhaps in recognition of the very real differences which your letter points out between the securities and physical commodities markets, no member of the Task Group has proposed consolidating these two agencies. Consequently, it is unlikely that any such proposal would emanate from the staff committee.

While consolidation of the two agencies is not likely to be considered by the Task Group, the differential regulation of competitive and closely related options and financial futures markets is an area which may be analyzed further by the staff of the Task Group. However, this analysis of the special problems involving futures contracts on financial instruments may not even result in any specific proposals to the full Task Group, and would not involve proposals to alter the existing regulatory system for physical commodities.

Thank you for taking the time to let us know your views on the fundamental differences between securities and commodities markets. We will certainly incorporate those views into our review of the current regulatory system.

Sincerely,

Richard C. Breeden
Deputy Counsel to the
Vice President