

M SBM Resolution 2
M 1.10
2020/Amended

WHEREAS, a competitive fed-cattle market, based on multiple price discovery points, is necessary to achieve robust price discovery that sends proper price signals throughout the supply chain, and

WHEREAS, robust price discovery is vital for all cattle market participants, and

WHEREAS, properly functioning cash and futures markets require transparent distribution of market information and regionally sufficient negotiated trade to achieve robust price discovery, and

WHEREAS, Livestock Mandatory Reporting defines negotiated trade as a cash or spot market purchase of cattle by a packer or negotiation of a base price, from which premiums are added and discounts are subtracted, and

WHEREAS, the bid-and-offer cash fed cattle trade remains the primary base factor for fed cattle value determination on a nationwide basis, including those transacted on alternative marketing mechanisms, and

WHEREAS, all fed cattle market participants have a shared responsibility to contribute to regionally sufficient levels of negotiated trade in all cattle feeding regions to achieve robust price discovery,

THEREFORE BE IT RESOLVED, NCBA supports a voluntary approach that:

- 1) Increases frequent and transparent negotiated trade to regionally sufficient level, to achieve robust price discovery determined by NCBA funded and directed research in all major cattle feeding regions, and
- 2) Includes triggers to be determined by a working group of NCBA producer leaders by October 1, 2020.

BE IT FURTHER RESOLVED, if the voluntary approach does not achieve robust price discovery as determined by NCBA funded and directed research, and meet the established triggers that increase frequent and transparent negotiated trade to a regionally sufficient level, and triggers are activated, NCBA will pursue a legislative or regulatory solution determined by the membership.

BE IT FURTHER RESOLVED, NCBA support a three-year review/sunset provision on any negotiated trade solutions implemented to allow for a thorough cost benefit analysis to be conducted.