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"Improve the economic well-being of agriculture and enrich the quality of farm family life."

May 2, 2008

Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, NW
Washington, DC 20581

The Illinois Farm Bureau (IFB) is a grassroots producer organization currently representing over 70,000 farm families in Illinois. As such, we represent the interests of the majority of the farmers in Illinois. Throughout our history, we have continued to encourage our farmer members to utilize the risk management and marketing tools offered through the various commodity exchanges.

IFB, along with our producer members, have very serious concerns regarding the effectiveness of Chicago Board of Trade (CBOT) futures contract in performing their primary duties of price discovery and offering sound risk management tools to market participants in the current environment.

We applaud the Commodity Futures Trading Commission (CFTC) for hosting the April 22, 2008 Agricultural Forum in Washington, D.C. to hear various market participants voice their similar concerns. We also appreciate the opportunity to provide comments into the CFTC process and would like to provide our commentary at this time.

Hedge Exemptions

IFB concurs with the National Grain and Feed Association's recommendation to issue a moratorium on all hedge exemptions for passively-managed, long-only investment capital entering agricultural futures markets. We do not believe these funds meet the historical definition of a hedger as they are not actively involved in the underlying physical commodity in any way. To provide them hedge exemptions violates the intent of that classification. We believe these funds should be required to be fully margined on a dollar-for-dollar unleveraged basis.

Speculative Position Limits

We oppose any further increases in speculative position limits. We recognize the need for speculators and the liquidity they provide in the agricultural futures market; however, it appears to us that market integrity and efficiency have not been maintained at this time and that by increasing speculative position limits yet again, the current disconnect between the cash and futures market will only continue to increase. We believe the sheer volume of investment by

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long-only, passively-managed funds into agricultural futures markets have already caused significant disruption in these markets.

Daily Price Limits

While we certainly understand the role of daily price limits in allowing the markets to clear, we respectfully ask the CFTC to carefully consider the impact increased daily price limits have on producers and commercial hedgers. During this period of record volatility, many market participants are finding it increasingly difficult to manage and maintain their margin exposure. Due to the extreme risk many grain elevators and buyers already face with record large margin exposure, producers have seen their grain marketing tools and grain bids withdrawn leaving them very few options in pricing their production. With record high input costs, producers certainly need the opportunity to lock in attractive prices when available. If elevators are financially unable to offer bids into the future, producers have no choice but to enter into the risky futures market, and many producers are not comfortable with the financial exposure nor do they have ample lines of credit to manage their margin exposure.

Lack of Convergence

Lack of convergence between the futures and cash markets is also of concern to our industry as it makes hedging far less efficient and effective. We encourage the CFTC to thoroughly analyze all possible modifications to the current delivery system and to make the appropriate changes in order to bring orderly and reliable convergence back to the marketplace. While not professing to have the solution, we would like to offer several possible solutions for consideration:

1. Additional delivery points to prevent market manipulation and to assure adequate delivery access.
2. A return to the delivery notice process previously used for delivery against futures contracts. The intent would be to make traders realize delivery means actual physical acceptance of the commodity or that there will be some monetary penalty for re-tender.
3. We encourage the CFTC to thoroughly study the possibilities of cash settled grain contracts.
4. While we do not oppose the planned increase in storage rates for CBOT corn, soybeans, and wheat contracts, we question whether this small change will force convergence. We encourage the CFTC to poll the grain industry to determine the real costs and value of storage capacity.

We appreciate the opportunity to provide comments to the CFTC on these important matters and continue to support the CFTC's regulation of the commodity futures industry.

Sincerely,

ILLINOIS FARM BUREAU®

Philip Nelson
President