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May 20, 2011

Mr. David Stawick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: CBOT Submission No. 11-161R
Proposal to Amend CBOT Rule 10102.D to Increase Daily Price Limits in Corn Futures and Options

The American Farm Bureau Federation (AFBF) is the largest general agricultural organization in the country, representing farmers, ranchers and rural residents. Commodity futures markets represent an absolutely indispensible risk management tool for our producer members. Consequently, we have been consistently supportive of efforts to protect the integrity of these markets and to ensure the accuracy of the vital price signals that they provide. Our organization places a very high priority on maintaining the effective, efficient functioning of the markets as well as on maintaining access to these markets for agricultural producers and the agribusinesses that serve them.

We appreciate the CME Group's (CME) decision to revise the daily price limits increase from the original proposal of $0.50 expandable to $0.75 and $1.10, to the current proposal of $0.40 expandable once to $0.60. We believe CME shares our goal of an effective market that provides hedgers with price discovery and risk management options. Last week's revision illustrates CME's attention to the concern about the aggressiveness of the initial proposal raised by agricultural producers and agribusinesses that use the futures market to manage price risk.

However, we reiterate the primary issue from our comments of May 10 regarding the financial burden that increased daily price limits potentially impose on farmers and local elevators, particularly smaller elevators. Although we recognize that the current price limits have decreased as a percentage of the average settlement price, the need for and benefits of this rule change have not been fully demonstrated to farmers and agribusinesses, who are justifiably concerned about the impact of its volatility and financial exposure risks. For some participants, the cost of maintaining the liquidity necessary to meet margin calls may become prohibitive. If this occurs, farmers will be among the first to find their risk management options limited as they lose the ability to directly hedge their price risk and as elevators offer less favorable forward contracting terms due to the higher cost of financing the futures market positions that backstop these contracts.

As we have discussed with both commission staff and the CME Group, AFBF does not oppose the normal 45-day approval period but continues to discourage CFTC from expediting the process for this proposed rule change. The cash flow and risk management implications for end-users are serious. It is critical that the commission fully evaluate these issues to ensure that CME Group has adequately considered the impact of all likely scenarios before any rule change is approved. AFBF also encourages the CME Group to monitor the situation and consider reducing the daily price limits if conditions warrant.

Thank you for your thoughtful consideration of this matter. We remain appreciative of your work in guaranteeing the effective and fair operation of such a vital component of this country's economy and look forward to our continued partnership in that effort.

Sincerely,

Mark Maslyn
Executive Director
Public Policy
American Farm Bureau Federation