

## secretary

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**From:** NoReply@cftc.gov  
**Sent:** Wednesday, May 18, 2011 11:57 AM  
**To:** secretary  
**Subject:** CFTC Public Comment on IF 10-016  
**Attachments:** 42641AmyGales.pdf

A comment has been submitted on IF 10-016

Submitter Name: Amy Gales

Submitter Email:

Submitter Organization:CoBank, ACB

Submitter Job Title:Executive Vice President - Regional Agribusiness Banking Group

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Submitter comment: May 10, 2011 Mr. Dave Stawick Office of the Secretariat Commodity Futures Trading Commission Three Lafayette Centre 1155 21st Street, NW Washington, DC 20581 Re: Proposal to Increase Daily Price Limits in Corn Futures and Options Dear Mr. Stawick: Thank you for the opportunity to comment on the recent notice given by the Chicago Board of Trade (CBOT) that it will increase the daily price limit in corn futures. We are concerned that the CBOT's proposed action will increase volatility in the grain markets and add costs to grain handling cooperatives and companies. CoBank is a leading provider of credit to rural America's vital industries, offering loans and other financial services to agricultural cooperatives and rural power, water, and communications companies in all 50 states. A significant portion of our lending is devoted to grain and farm supply cooperatives and companies in the U.S. These customers rely heavily on their ability to hedge prices in the futures markets. We are concerned that the CBOT proposal will drive up the cost of these customers' hedging programs. We already are seeing significant volatility in the commodities markets. This volatility has and continues to put pressure on our grain handling customers through increased margin calls. High and ongoing margin calls significantly increase the borrowing requirements of many of our customers. For example, in the 5 days following USDA's March 31 crop report, CoBank loaned almost \$2 billion to grain handlers to meet their financing needs, primarily to cover margin calls due to the crop report's bullish impact on corn prices. CoBank remains well positioned to meet the financing needs of these customers even in the most bullish of price environments. Even with interest rates at or near historic lows, however, this additional borrowing to cover margin calls significantly increases the costs within these companies. We believe raising the daily price limit on the corn futures contract will needlessly increase volatility in already volatile markets. We urge CBOT to reconsider their proposal and work closely with the industry to ensure that markets continue to serve one of its primary functions – providing a cost efficient and safe way for companies to hedge the true price risk of commodity marketing. Thank you again for the opportunity to comment, Amy Gales Executive Vice President Regional Agribusiness Banking Group CoBank, ACB Submitter IP Address: