

**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

A comment has been submitted on IF 10-016

Submitter Name: MrDavid MHolm

Submitter Email

Submitter Organization:Iowa Institute for Cooperatives

Submitter Job Title:Executive Director

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Submitter comment: Mike, I am emailing you to let you know our grave concerns about raising the trading limits on the CME corn contract. Mike we are going to have a very volatile summer in these markets. Every time corn moves up we are obligated to make that corresponding margin call. In the summer of 2008 it was not uncommon for some of our larger cooperatives to have \$20 million margin calls on a daily basis. If you will recall Cargill and ADM quit buying grain more than 60 days out, while cooperatives kept buying new crop corn all summer. If we expand the trading limits I am not sure we can keep doing that this summer. In addition given the high prices farmers will be aggressively selling new crop corn throughout the summer. I can't peg it exactly but in talking to a number of our member cooperatives we already own 30% of the 2011 crop and this will ramp up quickly now that they are done planting. Mike, when we make those margin calls we have only the liability on our balance sheet. The contract to deliver corn is not reflected on our balance sheets and there is a limit somewhere on how much operating debt we can continue to add to our balance sheets. I would hate to see that point come when our member cooperatives are no longer buying new crop corn. The effect this would have on the grain industry would be devastating. Mike, the CME raised the trading limits two years ago. Expanding them further again so quickly would be a bad idea and I sincerely hope that the CFTC thinks through all the potential ramifications of what expanded trading limits could have on the grain industry. If you would like to visit further about this please feel free to contact me. David Holm Executive Director Iowa Institute for Cooperatives 515-292-2667 Submitter IP Address: