secretary

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: Mr.Doug Yoder
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Submitter Organization:Illinois Farm Bureau
Submitter Job Title:Senior Director, Affiliate and Risk Management
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Submitter comment: May 9, 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: Proposal to Amend CBOT Rule 10102.D. to Increase Daily Price Limits in Corn Futures and Options CBOT Submission No. 11-161 The Illinois Farm Bureau 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. While we certainly appreciate the opportunity to comment on the current proposal to increase the daily price limits in corn futures and options, we have strong concerns and reservations regarding the potential impact this could have on farmers and their grain marketing partners in the grain elevator business. We do not at this time see the perceived need for this drastic of an increase in daily trading limits despite the exchange's comments that market participants are asking for this increase. The market participants we represent and are in contact with certainly do not agree with this proposal. In our opinion the market is functioning as it should and is effectively conducting its price discovery function. It is our belief that increasing the daily trading limits to this extent will seriously jeopardize farmer's ability to utilize exchange-related risk management tools for fear of their inability to meet excessive margin calls in a market where corn futures can move a total of $2.35/bushel in a mere three day timeframe. Furthermore, we are also extremely concerned about the impact this will have on the grain elevator industry and their ability to offer forward pricing opportunities to farmers. This proposal will significantly increase the margin exposure to grain elevators and enhance the likelihood of elevators maximizing their hedging lines of credit and being forced to withdraw forward marketing tools. This did occur in Illinois several years ago and the industry narrowly avoided a major problem. Had the market continued its upward path elevators were close to being forced to exit their hedged positions due to credit limitations. We fear a move to higher daily trading limits at this time will only enhance the odds of this occurring again. We encourage the CFTC, through its own Agricultural Advisory Committee, to thoroughly weigh the ramifications this proposal will have on the market participants we represent and who form the backbone of our entire agricultural industry. Thank you for your consideration. Sincerely, ILLINOIS FARM BUREAU Philip Nelson President DY Submitter IP Address: