

May 9, 2011

Dear Sir or Madam:

I am responding the proposed 50 cent daily corn limit. Farmers Coop Society hedges over 30 million bu. of corn and 8 million bu. of beans each year. We are a traditional hedger, we purchase corn from our members, hedge it on the CME (our ONLY choice at this time) and sell to end-users as they need it. Our members are selling more grain ahead to take advantage of price rallies. Currently when there is a limit move, we are able to sell other CME future delivery months or options and then spread the trade to or desired month. A limit move doesn't lock us or other participants out of the market.

The CBOT market was designed over a hundred years ago to serve in the production and movement of raw agricultural commodities from the farm to the table of the consumer. The distribution channel in the 1800's did not work very well, in fact it did not work. The development of the CBOT market allowed two equally important functions to be performed. First the futures market provided a PRICE DISCOVERY mechanism for the raw commodities being produced and consumed. Both the producer and the subsequent handlers and users could offset price risk by using the pricing mechanism of the futures market it was never design for an investment vehicle, speculation or Vegas type gambling. Second and just as important a functioning DELIVERY SYSTEM within the futures contract, allowed for the accurate pricing of the commodity at various time throughout the year. Grain is harvested in a thirty to sixty day time frame in the US, yet that commodity is consumed at a fairly even rate each day throughout the year. The challenge was to develop a pricing mechanism that would allow for reasonably stable predicable and even allocation of these commodities throughout the year. This mechanism would also enable investment in the infrastructure in order to better allocate these commodities in a free market environment. If the CBOT had been designed purely an solely as a price discovery mechanism it may not have survived. The fact that a pricing developed mechanism between various months of the year was also developed is the true genius of our agricultural futures markets.

This new limit increase would seem to fly in the face of current sediment in the regulatory arena of clamping down on market speculation even the NYSE has a circuit breaker. The President is talking about it. Feel free to call or respond if you want more information. Currently when there is a limit move, we are able to sell other CME future delivery months and then spread the trade to or desired month. A limit move doesn't lock us or other participants out of the market.

I have been in the business since 1976, having worked for ADM, Countrymark Cooperatives, Agway, and now for 14 years at FCS. So over the years I have seen pretty much ever new development in the market place.

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