

May 11, 2011

Mr. David A. Stawick
Secretary
Commodities Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW.
Washington, DC 20581

RE: CME Proposal to Increase Daily Price Limits in CBOT Corn Futures

Dear Mr. Stawick:

On behalf of the more than two million farmers and ranchers who belong to one or more farmer cooperative, the National Council of Farmer Cooperatives (NCFC)¹ submits the following comments in response to the CME's proposal to increase the daily price limits in CBOT corn futures from \$0.30 per bushel to \$0.40 per bushel.

As processors and handlers of commodities, farmer cooperatives and their farmer-owners rely on futures markets to hedge the commercial risk inherent to agricultural production, processing and marketing. Given that perspective, NCFC members believe that the proposed increase in price limits to \$0.40 and \$0.60 is unwarranted at this time, and we have significant concerns with the proposal.

NCFC believes that the current daily price limits on corn futures contracts allow for rational market movements, and increasing the daily limits would be detrimental to hedgers due to:

- Increased margin costs – in both variable and potentially initial margin requirements – which will squeeze end-users' working capital. This would be at a time when many individuals and entities using the futures market for risk management are already under considerable capital challenges. In addition, the likelihood that an increase would not be restricted to corn, but rather would be extended in the future to other commodities such as soybeans and wheat, would exacerbate that situation.
- Increased market volatility at a time when there are already significant swings in commodity prices. The ability to "reset" the market after exceeding reasonable trading limits provides a circuit breaker to prevent overly "irrational" market movements.

¹ Since 1929, NCFC has been the voice of America's farmer cooperatives. Our members are regional and national farmer cooperatives, which are in turn composed of over 2,500 local farmer cooperatives across the country. NCFC members also include 26 state and regional councils of cooperatives.

While we understand that the CFTC has limited authority to address the concerns of NCFC and others who may be opposed to the proposed changes, we appreciate the opportunity to submit our views.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ch. F. Conner', with a long horizontal flourish extending to the right.

Charles F. Conner
President & CEO