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October 28, 2010

David A. Stawick  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street N.W.  
Washington, D.C. 20581

Re: 17 CFR Part 35 Agricultural Swaps 75 Fed Reg. 59666 (September 28, 2010)

Dear Mr. Stawick:

International Assets Holding Corporation ("INTL"), and FCStone Group, Inc., ("Group") a wholly owned subsidiary of INTL appreciate the opportunity to provide comment on the Commodity Futures Trading Commission's ("CFTC or Commission") Federal Register Release dated September 28, 2010 ("the Release") notice of advanced notice of proposed rulemaking and request for comment on the appropriate conditions, restrictions or protections to be included in any such rule, regulation or order governing the trading of agricultural swaps.

INTL is a for-profit corporation organized under the laws of the State of Delaware. Two of INTL's chief operating subsidiaries are FCStone, LLC ("FCStone") and INTL Hanley, LLC ("Hanley"). FCStone is a registered Futures Commission Merchant ("FCM") offering clearing and execution facilities at CME Group Inc. and its subsidiaries, Kansas City Board of Trade, ICE Futures U.S., and Minneapolis Grain Exchange. Hanley assists commercial agricultural clients in developing and implementing hedging strategies for their cash market activities. To implement their hedging strategies, Hanley's clients will enter into tailored, bi-lateral derivatives transactions with Hanley, whereby their commercial risks are shifted to Hanley. Hanley, in turn, hedges a portion of the risks it assumes under those contracts by trading various commodity futures contracts, including taking on positions in agricultural futures contracts traded on the Chicago Board of Trade ("CBOT") and other futures exchanges. INTL and its subsidiaries provide commodity risk management consulting and transaction execution services to commercial commodity intermediaries, end-users and producers, and assist primarily middle-market customers in optimizing their profit margins and mitigating exposure to commodity price risk.

INTL and Group strongly support the Commission's oversight of the commodity futures industry especially during the continued global economic turmoil. We commend the Commission's continued strength of leadership in its endeavors to implement the Dodd-Frank Act as passed into legislation in July 2010. We are very pleased to provide the requested information presented below and consider it an honor to comment on rules and regulations at this historic time in the Commission's history.

### Current Agricultural Swaps Business

1. How big is the current agricultural swaps business--including both agricultural swaps trading under current part 35 and ATOs under Sec. Sec. 32.4 and 32.13(g) of the Commission's regulations?

*Approximately 10% of our annual revenue is generated from OTC swaps and structured products. No revenue is generated by ATO revenue.*

2. What types of entities are participating in the current agricultural swaps business?

*Commercial commodity intermediaries, end-users and large producers.*

3. Are agricultural swaps/ATO participants significantly different than the types of entities participating in other physical commodity swaps/trade options?

*The structures and strategies are similar to other commodities and industries. For our commercial customers, swaps are utilized to limit or mitigate risk or lock in margins or profit.*

### Agricultural Swaps Clearing

4. What percentage of existing agricultural swaps trading is cleared vs. non-cleared?

*A very small percentage of the current agricultural swaps are cleared today.*

5. What percentage of existing agricultural swaps would be eligible for the commercial end-user exemption from the mandatory clearing requirement?

*Virtually all of the OTC transactions and instruments utilized by our customer base are related to physical cash transaction. These products are used to either procure or sell a commodity or product with many structures providing valuable pricing alternatives.*

6. What percentage of trading would be subject to the Dodd-Frank clearing requirement, if that requirement applied automatically to agricultural swaps (other than those eligible for the commercial end-user exemption)?

*Since the majority of our customers should qualify for the commercial end user exemption, we anticipate a minimal percentage of our customer base will be subject to the clearing requirement set for in the Dodd-Frank Act. However, our customer base may desire to clear the structures that are exchange based look alikes..*

7. What would be the practical and economic effect of a rule requiring agricultural swaps transactions (other than those eligible for the commercial end-user exemption) generally to be cleared? The Commission is interested in the views of agricultural swaps market participants (both users and swap dealers) regarding a potential clearing requirement for agricultural swaps.

*The primary difference would be the use of credit thresholds currently offered by the participants to one another. While it may appear substantial risk is inherent with these credit thresholds, we have never had a loss with a major counter party in fifteen years of offering OTC instruments to our commercial customer base.*

8. What would be the practical and economic effect of requiring agricultural swaps to be cleared under the Dodd-Frank clearing regime?

*Eliminating the utilization of credit thresholds would restrict liquidity to some extent but for all practical purposes would not affect our ability to offer the vanilla or exchange look-alike structures to our customer base.*

### Trading

9. Have current agricultural swaps/ATO participants experienced any significant trading problems, including: (a) economic problems (i.e., contracts not providing an effective hedging mechanism, or otherwise not performing as expected); (b) fraud or other types of abuse; or (c) difficulty gaining access to the agricultural swaps market?

*Our experience has been that rather than experiencing trading problems, the availability of the agricultural OTC products has provided liquidity and transparency in markets that traditionally didn't offer alternatives. These markets are usually smaller markets that don't have the participation at the futures exchange level such as the grains or energy markets do. An example is ethanol and the illiquidity experienced three or four years ago. Without the initial OTC markets, this futures market would have not developed and there would not be the transparency or liquidity we see today in ethanol.*

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### Agricultural Swaps Purchasers

10. Do agricultural swaps/ATO purchasers need more protections than participants in other physical commodity swaps/trade options?

*No. We do not believe this market segment needs greater protection than other participants. In fact we believe this segment in production agriculture is one of the most sophisticated populations in the world from a production perspective and are restricted from using tools, strategies and instruments that are common in all other commodities and industries.*

11. If so, why, and what should those protections be?

*These agricultural swap purchasers don't need additional restrictions. In our opinion agricultural swap purchasers are as sophisticated as purchasers in other commodities and do not need more protections than similarly situated purchasers of other commodities.*

12. Would additional protections for agricultural swaps purchasers unduly restrict their risk management opportunities?

*Yes. Producers are restricted from using some instruments such as trade options that are commonly used in other markets and industries.*

13. Should the Commission consider rules to make it easier for agricultural producers to participate in agricultural swaps--for example, by allowing producers who do not qualify as ECPs to purchase agricultural swaps?

*Yes. The alternative instruments and structures that are available today would be beneficial to producers when strategies can be implemented to lock in profits. As noted above, in some instances the swap marketplace provided hedging opportunities not available elsewhere.*

### Designated Contract Markets

14. Should agricultural swaps transactions be permitted to trade on DCMs to the same extent as all other swaps are permitted on DCMs?

Yes.

15. If yes, why?

*In order to provide risk management tools, liquidity, transparency and alternative structures to market participants.*

16. If no, what other requirements, conditions or limitations should apply?

Swap Execution Facilities

17. Should agricultural swaps transactions be permitted on SEFs to the same extent as all other swaps are permitted to transact on SEFs?

Yes.

18. If yes, why?

*In order to provide risk management tools, liquidity, transparency and alternative structures to market participants.*

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19. If no, what other requirements, conditions or limitations should apply?

Trading Outside of DCMs and SEFs

20. Should agricultural swaps be permitted to trade outside of a DCM or SEF to the same extent as all other swaps?

Yes.

21. If yes, why?

*In order to provide risk management tools, liquidity, transparency and alternative structures to market participants.*

22. If no, what other requirements, conditions or limitations should apply?

23. Should agricultural swaps be permitted to trade outside of a DCM or SEF to a different extent than other swaps due to the nature of the products and/or participants in the agricultural swaps market?

Yes.

24. In general, should agricultural swaps be treated like all other physical commodity swaps under Dodd-Frank?

Yes.

25. If yes, why?

*In order to provide risk management tools, liquidity, transparency and alternative structures to market participants.*

26. If no, are there any additional requirements, conditions or limitations not already discussed in other answers that should apply?



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27. If agricultural swaps are generally treated like swaps in other physical commodities, are there specific agricultural commodities that would require special or different protections?

No.

INTL and Group consider that the farmer/producer is the most sophisticated producer in the world relative to production. However, when it comes to marketing, Hanley's agriculture client base is treated in such a fashion by the current regulatory framework as to imply the producer is not sophisticated enough to determine the viable marketing alternatives for their production. It is our experience that without agricultural over the counter products available, no viable market will exist. The farmer/producer needs a robust over the counter market providing liquidity and transparency afforded to them so they can most effectively develop marketing strategies equating to effective risk management for their production capacity.

Please contact the undersigned at 816-410-7120 if you have any questions.

Yours Sincerely,

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A handwritten signature in cursive script that reads "Paul G. Anderson".

Paul G. Anderson  
President

cc. Chairman Gary Gensler  
Commissioner Michael Dunn  
Commissioner Jill Sommers  
Commissioner Bart Chilton  
Commissioner Scott O'Malia