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Commodity Futures Trading Commission  
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United States

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- **17 CFR Part 3, 32, 33, 35**
- **RIN Number 3038-AD21**
- **Commodity Options and Agricultural Swaps**

Dear Mr. Stawick.

Thank you for giving us the opportunity to comment on your notice of proposed rulemaking: Commodity Options and Agricultural Swaps.

You are proposing rules that would implement regulations whereby swaps in agricultural commodities and all commodity options (including options on both agricultural and non-agricultural commodities), other than options on futures, may transact subject to the same rules as all other swaps. The proposed rules for swaps in an agricultural commodity would repeal and replace the Commodity Futures Trading Commission's (CFTC) regulations concerning the exemption of swap agreements.

I fully support the proposal that swaps and options for agricultural commodities would be subject to same provisions of the Commodity Exchange Act that apply to all other swaps. This should act to reduce regulatory complexity and increase transparency in this hitherto poorly regulated area, to promote market integrity, reduce risk and aid price formation, and to reduce compliance costs for market participants.<sup>1</sup> In total, swap equivalence should improve the efficiency of necessary hedging activities for commercial entities, and therefore increase liquidity in this arena.

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<sup>1</sup> We have powerful regulatory tools here, when coupled with appropriate position limits.

Please note that the comments expressed herein are solely my personal views

I have one comment concerning the definition of “agricultural commodity”. The definition proposed in 17 CFR Part 1<sup>2</sup> excludes biofuels. I would recommend that you should revisit this topic and include biofuels in the definition of agricultural commodity, in order that these instruments are appropriately regulated.

Yours sincerely

Chris Barnard

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<sup>2</sup> See 17 CFR Part 1, Agricultural Commodity Definition, CFTC, 26 October 2010.