May 10, 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: CBOT Submission No. 11-161
Proposal to Amend CBOT Rule 10102.D. to Increase Daily Price Limits in Corn Futures and
Options

Dear Mr. Stawick,

The American Farm Bureau Federation (AFBF) is the largest general agricultural organization in
the country, representing more than 6 million farmers, ranchers, and rural residents. Commodity
futures markets represent an absolutely indispensible tool for our producer members.
Consequently, we have been consistently supportive of efforts to protect the integrity of these
markets and to ensure the accuracy of the vital price signals that they provide. Our organization
places a very high priority on maintaining the effective, efficient functioning of these markets, as
well as on maintaining access to these markets for agricultural producers and the agribusinesses
that serve them. The CME Group proposal to substantially raise daily price limits on corn
futures contracts is thus an issue of considerable concern to us.

Our primary concern with these expanded limits relates to the financial burden that they
potentially impose on farmers and local elevators, particularly smaller elevators. For some of
these market participants, the cost of maintaining the liquidity necessary to meet margin calls
will become prohibitive. Farmers will find their risk management options limited as they lose
the ability to directly hedge their price risk, and as elevators offer less favorable forward
contracting terms due to the higher cost of financing the futures market positions that backstop
these contracts.

It is not clear that an expansion of daily price limits to the levels proposed by CME Group is
warranted at this time. As the CME Group proposal notes, the current daily price limit has been
reached considerably more frequently so far in 2011 than was the case in 2009 or 2010; however,
the current procedure for expanding the limit on days following a limit move appears to be
working quite well. Our evaluation of corn futures data since March 2008 (when daily price
limits were last changed) shows only 25 out of 782 trading days (or 3.2 percent) that triggered an

expansion of the daily price limit from 30 cents to 45 cents. On trading days with the expanded limit, prices changed by less than 30 cents, 93 percent of the time. Price changes have never reached the 45 cent limit. In other words, the markets themselves have not suggested a need to move to the 75 cent limit currently proposed. In light of these facts, we encourage CME Group to consider more modest adjustments to the daily price limits for corn. We recognize that the 30 cent limit is being reached considerably more frequently than in the past, and that the current proposal for addressing this situation is consistent with the methodology that CME Group has used to adjust daily price limits in the past. We contend, however, that the current market environment – with price levels that are imposing much higher capital requirements for trading – justifies consideration of a somewhat less aggressive expansion of limits, particularly for the second and third day expansions.

AFBF would also like to encourage the CFTC not to expedite the normal approval process for this proposed rule change. Farmers and agribusinesses are justifiably concerned about the impact of this rule change on their risk management activities. The CFTC needs to take the time to listen to these concerns and to ensure that CME Group has given these concerns adequate consideration before any rule change is approved. As noted above, the current rule does not appear to be impeding markets in any significant way, certainly not to the extent that could be considered an emergency.

Thank you for your thoughtful consideration of this matter. As always, we are grateful for all of your work in guaranteeing the effective and fair operation of such a vital component of this country's economy.

Sincerely,

Bob Stallman
President