

8 August 2011

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

**RE: *Adaptation of Regulations to Incorporate Swaps, Federal Register, Vol. 76, No. 10,
June 7, 2011***

On behalf of Land O'Lakes, I appreciate the opportunity to comment on the proposed rule. Land O'Lakes is a member of the National Grain & Feed Association, and we wish to align ourselves with NGFA's comments. In particular, we share NGFA's concerns about language that appears to require that all members of a designated contract market (DCM) "...record all oral communications that lead to the execution of transactions in a commodity interest or cash commodity." Further, the proposal requires that these records be maintained for five years and be identifiable by counterparty and transaction.

Land O'Lakes is a farmer-owned cooperative. Our membership includes about 900 local grain marketing cooperatives. These cooperatives purchase grains and oilseeds directly from their farmer-members. Taken as written, this proposal would extend broadly into cash grain markets and would require that employees at these cooperatives record telephone conversations with producers from whom they are purchasing cash grain, either through spot purchases or utilizing cash forward contracts. Similarly, these same co-ops would be required to preserve and maintain e-mail, facsimile and other communications with agricultural producers.

Since Land O'Lakes is a feed manufacturer, it buys something less than 40 million bushels of corn annually. This constitutes less than 0.2% of the volume produced in the U.S. and much of the contracting that takes place for Land O'Lakes involves truckload contracts constituting less than 10 loads at a time. This market share should be viewed as immaterial.

Since traders don't necessarily know if a trade will be made on any given phone call, all calls would have to be recorded to comply with this requirement. This would not only require massive amounts recordings but would deter open communications between our vendors and our traders. Similarly, if a trader does not know if a transaction will be made via that phone call, an argument can be made that all phone calls would require recording. Similarly, it is common practice for traders who may be out of the office to use a cell phone to agree on a trade, and in that situation, making a recording would be difficult if not impossible. Lastly on this point, the proposed rule raises the question of whether a face-to-face conversation that leads to a contract requires recording as well.

As a member of NGFA, Land O'Lakes complies with voluntary trading rules that have been very useful to clarify grain trading expectations and mitigate grain trading risks. This "self-regulation" has been very successful and the industry has arbitration process to clarify the disagreements in the trade.

We estimate that complying with the proposed rule will result in increased operating costs of about \$500,000. While our member cooperatives' cost would likely be less than this, it is another added cost to the grain marketing system, which ultimately is borne by our farmer-owners.

Land O'Lakes shares NGFA strong belief that such regulation of the cash marketplace was not intended by Congress. Cash transactions, including cash forward contracts, explicitly have been exempted from CFTC regulation, but a literal reading of the proposal would seem to contradict this well-established concept. We urge the CFTC to narrow and clarify application of this proposed rule to exclude communications related to cash grain purchases.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven Krikava". The signature is fluid and cursive, with the first name being more prominent.

Steven Krikava, Director
Government Relations