



Commodity Markets Council
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June 26, 2012

Via Electronic Mail

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

Re: Comment on Commodity Options Interim Final Rule (RIN 3038-AD62)

Dear Mr. Stawick:

The Commodity Markets Council ("CMC") welcomes the opportunity to submit the following comments to the Commodity Futures Trading Commission ("CFTC" or "Commission") regarding its aforementioned rule ("the rule").

CMC is a trade association bringing together exchanges and their industry counterparts. The activities of our members represent the complete spectrum of commercial users of all futures markets including energy and agriculture. Specifically, our industry member firms are regular users of the Chicago Board of Trade, Chicago Mercantile Exchange, ICE Futures US, Kansas City Board of Trade, Minneapolis Grain Exchange and the New York Mercantile Exchange. CMC is uniquely positioned to provide the consensus views of commercial and end users of derivatives. Our comments represent the consensus view of CMC members.

CMC submitted comments to the Commission on this subject on three previous occasions as listed below:

- October 28, 2010 (Agricultural Swaps Advance Notice of Proposed Rulemaking)
- February 22, 2011 (Entity Definitions and End User Exception to Mandatory Clearing of Swaps Proposed Rules)
- April 4, 2011 (Commodity Options and Agricultural Swaps Proposed Rule)

CMC's comments in each of these letters can be briefly summarized as follows:

- Cash forward contracts with embedded options should not be treated as swaps, so long as the parties to such transactions have the intention of physical delivery.
- The Commission has historically recognized these transactions as cash; regulating them as swaps would reduce cash contract opportunities for producers and disrupt export markets in agricultural commodities.

CMC appreciates the Commission taking heed of our comments and allowing embedded options on pricing, and certain volumetric options, to be treated as forward contracts, not swaps, so long as the transacting commercial parties have the intention and ability to make and take physical delivery of the underlying commodity, and the delivery obligation is not eliminated.

CMC thanks the CFTC for the opportunity to present its views on this subject. If you have any questions or would like to discuss further, please do not hesitate to contact me via email at christine.cochran@commoditymktcs.org or via phone at (202) 842-0400 - ext. 101. Thank you in anticipation of your attention to these comments.

Regards,

A handwritten signature in black ink, appearing to read "Christine M. Cochran", written over a white background.

Christine M. Cochran
President