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August 16, 2012

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

***RE: Clearing Exemption for Certain Swaps Entered Into by Cooperatives (Federal Register/Vol. 77, No. 137)***

Dear Mr. Stawick:

On behalf of the more than two million farmers and ranchers who belong to farmer cooperatives, the National Council of Farmer Cooperatives (NCFC) appreciates the opportunity to express our support for the proposed clearing exemption for certain swaps entered into by cooperatives as the Commodity Futures Trading Commission (the Commission) implements regulatory requirements contained in Title VII of the *Dodd-Frank Wall Street Reform and Consumer Protection Act* (Federal Register Vol. 77, No. 137, Tuesday, July 17, 2012).

Since 1929, NCFC has been the voice of America's farmer cooperatives. Our members are regional and national farmer cooperatives, which are in turn composed of over 2,500 local farmer cooperatives across the country. Farmer-owned cooperatives and their farmer-members rely on the Farm Credit System lenders for financial services. Those lenders are able to provide reliable and dependable financial services in part because of their cooperative structure, which allows members of cooperative institutions to hedge risk more efficiently than can be accomplished on an individual basis. Allowing a cooperative bank to hedge balance sheet, interest rate, and liquidity risks related to its lending business at the cooperative level ultimately means that cooperatives and their members benefit from lower borrowing costs and more dependable financial services.

By allowing these institutions the flexibility to not clear swaps related to member loans, the proposed rule makes clear that members of cooperatives will not face additional costs associated with the Dodd-Frank Act's mandatory clearing requirements. We therefore appreciate the work of the Commission in ensuring that swaps serving these functions will be exempt from mandatory clearing under the final rule.

Thank you for taking our views into account as the Commission finalizes these rules in the coming months. We appreciate the opportunity to provide input throughout the process of implementation of Title VII of the Dodd-Frank Act.

Sincerely,

A handwritten signature in black ink, appearing to read "C. F. Conner".

Charles F. Conner  
President & CEO