



August 16, 2012

**Submitted Electronically**

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

**Re: Clearing Exemption for Certain Swaps Entered into by  
Cooperatives: RIN 3038-AD47, 77 Fed. Reg. 41940  
(July 17, 2012)**

Dear Mr. Stawick:

The National Rural Electric Cooperative Association (“NRECA”) appreciates the opportunity to express our support for the proposed Rule 39.6(f), allowing certain cooperatives to elect not to clear certain swaps entered into by such cooperatives in connection with originating a loan or loans to its members.

NRECA is the national service organization for more than 900 not-for-profit rural electric utilities that provide electric energy to approximately 42 million people in 47 states or 12 percent of electric customers. Kilowatt-hour sales by rural electric cooperatives account for approximately 11 percent of all electric energy sold in the United States. The vast majority of NRECA members are not-for-profit, consumer-owned cooperatives. NRECA’s members also include approximately 65 generation and transmission (“G&T”) cooperatives, which generate and transmit power to 668 of the 841 distribution cooperatives. The G&Ts are owned by the distribution cooperatives they serve. Both distribution and G&T cooperatives were formed to provide reliable electric service to their owner-members at the lowest reasonable cost.

Our NRECA members rely on the National Rural Cooperative Finance Corporation (“CFC”), the Farm Credit System and other cooperative financial entities for financial services. By allowing these institutions to decide not to clear swaps related to member loans, the proposed exempt cooperatives rule makes clear that our members will

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not face additional new costs associated with mandatory clearing of these exempt cooperatives' swaps.

In our experience, CFC, the Farm Credit System and other cooperative financial entities are able to provide reliable, dependable financial services, in part because of their cooperative structure. Among other things, that structure allows members of such cooperatives (our NRECA members) to hedge commercial risks associated with their financing needs more efficiently. Allowing an exempt cooperative to hedge the risks related to its members' loans at the exempt cooperative level ultimately means that our NRECA members benefit from lower borrowing costs and more dependable financial services.

We therefore support proposed Rule 39.6(f), consistent with the comments filed by CFC and the Farm Credit Council in this rulemaking docket.

Thank you for considering our comments.

Sincerely,

NATIONAL RURAL ELECTRIC  
COOPERATIVE ASSOCIATION

By: Russ Wasson

Russell D. Wasson  
Director, Tax, Finance and  
Accounting Policy