



National Grain and Feed Association

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December 28, 2012

Ms. Sauntia Warfield
Assistant Secretary
Commodity Futures Trading Commission
1155 21st Street NW
Washington, D.C. 20581

RE: RIN 3038-AD88: Enhancing Protections Afforded Customers and Customer Funds Held by Futures Commission Merchants and Derivatives Clearing Organizations, 77 Fed. Reg. 67866, November 14, 2012

Dear Ms. Warfield:

The National Grain and Feed Association (NGFA) respectfully requests that the Commodity Futures Trading Commission (CFTC) extend the comment period for the above-referenced notice of proposed rulemaking by an additional 30 days to February 13, 2013.

The proposed rule is lengthy and complex, with significant potential impacts on futures commission merchants (FCMs) and their customers. The NGFA believes strongly that an extra 30 days, particularly given that three major holidays and related vacation time fall within the original comment period, is merited for review and comment.

The NGFA strongly supports additional customer protections for futures customers. In the aftermath of MF Global, the NGFA has recommended a number of such enhancements, including increased transparency, reporting and accountability; an optional fully-segregated account structure for futures customers; a customer protection fund; and reforms to the bankruptcy code.

However, the NGFA also recognizes that added customer protections have the potential to introduce added costs, at least some that eventually would be borne by customers. For that reason, we have favored a deliberate approach when analyzing and implementing new structures and new rules. In this proposal by the CFTC, an additional 30 days will assist us and other futures market participants in analyzing potential costs and being able to comment accurately on them for the Commission's full consideration.

For example, proposed amendments to Rule 1.17 would require FCMs to take a capital charge for margin calls outstanding more than one business day, as compared to the current three days. Such a change could force customers to pre-fund margin calls or keep excess funds with their clearing broker for future margin calls. Customers also could be asked to make intra-day margin calls, a significant change from current practice. Other proposed changes in Rules 1.20 and 1.22 could have similar financial impacts on FCMs and their customers.

We are especially focused on understanding impacts of changes that might appear to enhance customer protections but could have the unintended impact of disadvantaging smaller and mid-size FCMs that provide “hands-on” service to many of the relatively smaller hedgers in agribusiness and production agriculture.

We appreciate the opportunity to provide input to the Commission. Thank you for consideration of the NGFA’s request for a 30-day comment period extension.

Sincerely,

A handwritten signature in black ink that reads "Randy Gordon". The signature is written in a cursive, slightly slanted style.

Randall C. Gordon
President

cc: The Honorable Gary Gensler
The Honorable Jill Sommers
The Honorable Bart Chilton
The Honorable Scott O’Malia
The Honorable Mark Wetjen

Gary Barnett, Director, Division of Swap Dealer and Intermediary Oversight
Ananda Radhakrishnan, Director, Division of Clearing and Risk
Robert Wasserman, Chief Counsel, Division of Clearing and Risk