



Leprino Foods

1830 West 38th Avenue
Denver, CO 80211-2225

Sue M. Taylor
Vice President – Dairy Policy & Procurement
303.480.2990
staylor@leprinofoods.com

February 10, 2014

Melissa Jurgens, Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street NW.
Washington, DC 20581

Submitted via Commission Web Portal

Re: RIN number 3038–AD99: 17 CFR Parts 1, 15, 17, et al., Position Limits for Derivatives; Proposed Rule, Federal Register/ Vol. 78, No. 239 / December 12, 2013

Leprino Foods ("Leprino") appreciates the opportunity to comment on the Proposed Rule for Position Limits for Derivatives, published in the Federal Register on December 12, 2013. Leprino is a manufacturer of pasta filata style cheeses, such as mozzarella, and whey products and markets our products both domestically and internationally.

Leprino purchases its milk for manufacturing within the United States under the regulated milk pricing systems maintained by the United States Department of Agriculture ("USDA") and the California Department of Food and Agriculture ("CDFA"). These milk prices are driven by highly volatile dairy commodity prices. In order to provide more stable prices to either our milk suppliers or to our customers, Leprino relies heavily upon the financial risk management tools that are the subject of the Proposed Rule.

Leprino is supportive of position limits for proper functioning and oversight of markets, but we are concerned with unintended consequences from the proposed rule on the dairy markets.

We have reviewed the comments submitted by the Innovation Center for U.S. Dairy in response to the Proposed Rule and are supportive of them. The primary comments and recommendations are summarized as follows:

- We support using the alternative approach of establishing spot month limits for class III milk at 25% of deliverable supply and support updating the spot month limits every two years.
- Do not apply the 10/2.5 formula for establishing non-spot month limits.
- To resolve the inconsistency in a higher spot month limit (5300) than the non-spot month limit (3400), we propose applying the spot month limit to each individual non-spot month.
- The "all months combined" limit should be defined as the non-spot month limit multiplied by the number of total contract months.
- The initial position limits proposal of 1500 spot month contracts and 3400 all months combined is too low and will restrict market growth. In the absence of the 25% of deliverable supply methodology, class III milk position limits should be at least two times greater than currently exist to account for swap transactions.
- For the definition of bona fide hedging and reporting requirements, we request the Commission consider any additional reporting requirements that are in conflict with other regulatory requirements, and ensure they are aligned with existing reporting requirements.

The financial risk management tools impacted by the Proposed Rule are critical to Leprino's and the dairy industry's ability to grow demand, both domestically and globally. We thank you for considering our comments and recommendations.

Sincerely,

A handwritten signature in black ink that reads "Sue M. Taylor". The signature is written in a cursive, flowing style.

Sue M. Taylor
Vice President, Dairy Policy & Procurement