

July 12, 2016

Via Electronic Submission

Christopher Kirkpatrick, Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, N.W.  
Washington, D.C. 20581

**RE: Supplemental Notice of Proposed Rulemaking – Position Limits for Derivatives:  
Certain Exemptions and Guidance (RIN 3038–AD99)**

Dear Mr. Kirkpatrick:

The National Corn Growers Association (NCGA) and the American Soybean Association (ASA), on behalf of our members across the United States, appreciate the opportunity to provide comments to the Commodity Futures Trading Commission (CFTC) on this important rulemaking. The National Corn Growers Association represents more than 40,000 dues-paying corn farmers nationwide and the interests of more than 300,000 growers who contribute through corn checkoff programs in their states. ASA represents all U.S. soybean farmers on domestic and international issues of importance to the soybean industry. ASA's advocacy efforts are made possible through the voluntary membership in ASA by over 22,500 farmers in 31 states where soybeans are grown.

One important element of risk management, price discovery and hedging is predictable convergence between the cash and futures price. Convergence between cash and futures prices occurs as the futures contract moves toward expiration, often in the final closing days of the life of the contract. Convergence occurs because buyers of futures contracts decide if they are going to take delivery of grain or sell back their futures contracts while sellers of futures contracts decide if they will make delivery of grain or buy back their futures contracts.

This process ensures that upon expiration of the futures contract, the prices of cash and futures converge. Confidence in this process allows farmers to receive loans to operate their business, market their grain or hedge their risk. It allows buyers to have a ready market for our grain, users of the crops we produce to lock-in long-term contracts for the products they produce or consume, and exporters to make long-term sales to global customers. If at expiration the futures price is not an accurate proxy for the cash price, then the utility of the futures market as a risk management and price discovery instrument is lost.

For this reason, NCGA and ASA are opposed to a proposal in the supplemental notice that would prohibit hedge exemptions for spread transactions during the last five days of trading of a futures contract, which is the time period that convergence is expected to occur.

Participation in the futures market by those with the ability to make or take delivery is critical to ensuring convergence. A prohibition on holding spread transactions during this critical time period will inhibit convergence and harm the price discovery function of the market.

CFTC concerns about trading activity in the closing days of a futures contract can best be addressed by continuing the long-standing practice of coordinating market surveillance and monitoring with exchanges to ensure that market participants are acting for economic purposes.

Thank you for considering the comments of our members and our organizations.

Sincerely,

Handwritten signature of Chip Bowling in cursive script.

Chip Bowling  
President  
National Corn Growers Association

Handwritten signature of Richard Wilkins in cursive script.

Richard Wilkins  
President  
American Soybean Association