



Via Electronic Submission

May 13, 2020

Christopher Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
1155 21st Street, N.W.
Washington, DC 20581

Re: Notice of Proposed Rulemaking on Amendments to the Real-Time Public Reporting Requirements—RIN 3038-AE60

Dear Mr. Kirkpatrick,

CHS Inc. (“*CHS Inc.*”) and CHS Hedging, LLC (“*CHS Hedging*”) appreciate the opportunity to provide the Commodity Futures Trading Commission (“*Commission*”) with comments and recommendations in response to the Commission’s proposed rulemaking on real-time public reporting requirements, namely with respect to block trades. At times, CHS Inc. and CHS Hedging are collectively referred to as “*CHS*.”

CHS Inc. is the nation’s leading integrated agricultural cooperative, providing grain, foods and energy resources to businesses and consumers on a global basis. As a cooperative, CHS Inc. is owned by farmers and ranchers and their member cooperatives across the United States. CHS Inc. buys commodities from and provides products and services to agricultural producers, local cooperatives and other companies, both domestically and internationally. CHS Inc. provides a wide variety of products and services, ranging from agricultural inputs such as fuels, farm supplies, crop nutrients and crop protection products, to agricultural outputs that include grains and oilseeds, grain and oilseed processing, renewable fuels and food products. First organized in 1929, CHS Inc. employs more than 11,000 people around the globe who provide CHS Inc.’s owners with a strong, efficient supply chain, global market access and inputs.

CHS Hedging is a futures commission merchant (“*FCM*”) that provides full-service commodity price risk management and market intelligence to its customers, primarily through the use of exchange-traded futures and options but also through the use of uncleared, OTC products. CHS Hedging is focused on the agriculture and energy sectors, which compliments the businesses of its sole parent, CHS Inc. The customer base of CHS Hedging consists primarily of commercial agriculture and energy businesses, such as grain elevators and energy supply companies, and individual and corporate farmers and ranchers.

In this comment, CHS would like to focus on a particular issue—that of block trade reporting. CHS understands that the Commission proposes to eliminate several block trade delay periods as short as 15 minutes and to replace them with a universal 48-hour delay period. The Commission would accomplish this by deleting Rules 43.5(c)–(h) and adding a new Rule 43.5(c) that requires SDRs to implement a time delay of 48 hours for disseminating swap transaction and pricing data for each applicable swap transaction that meets certain requirements, where the parties to the swap have elected block treatment

CHS believes that the proposed 48-hour delay represents a significant departure in transaction reporting with lasting impacts. In particular, CHS is concerned that a 48-hour delay on the reporting of block transactions would adversely impact transparency in the swap markets, which CHS believes is a fundamental thrust of Title VII of the Dodd–Frank Act. CHS cautions that now—particularly during a time of unprecedented market volatility—is not the time to walk–back transparency. Post–trade transparency provides market participants with valuable price information and thereby promotes price discovery and hedging opportunities.

At the same time, CHS shares Commissioner Berkovitz’s concern that such a delay “could undermine market integrity by providing counterparties to large swaps with an unfair information advantage.”¹ Non–public knowledge of executed trades—especially with respect to large block traders—creates informational asymmetry among market participants. The Commission should strive to eliminate, not promote, informational asymmetry among market participants. A single 48-hour period is simply too long.

Further, and importantly, the proposal would create a significant difference with the reporting requirements applicable to block *futures* trades, where reporting is generally required within five or fifteen minutes depending on the product. Furthering an unlevel playing field between these product groups could result in regulatory arbitrage and an unintended shift in liquidity.

Absent a compelling and demonstrable market structure–based reason for moving to a single 48-hour requirement—which CHS has not seen—the Commission should take no action.

CHS thanks the Commission and the Commission staff for their efforts on the proposal. Please contact Jack Lenzi, CHS Inc.’s Chief Compliance Officer, at (651) 355–4957 or at john.lenzi@chsinc.com if you have any questions about CHS’ comments or recommendations.

¹ Statement of Commissioner Dan M. Berkovitz on Proposed Amendments to Part 43: Real-Time Public Reporting Requirements, February 20, 2020, available at: <https://www.cftc.gov/PressRoom/SpeechesTestimony/berkovitzstatement022020>.

Respectfully submitted,

John Griffith
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CHS Inc.

Gary Halvorson
Senior Vice President–Agronomy
Chair of CHS Inc. Trading Risk Governance Committee
CHS Inc.

cc: Honorable Heath P. Tarbert, Chairman
Honorable Brian D. Quintenz, Commissioner
Honorable Rostin Behnam, Commissioner
Honorable Dawn DeBerry Stump, Commissioner
Honorable Dan M. Berkovitz, Commissioner
Aaron Brodsky, Senior Special Counsel