From: Eric DeGesero <edegesero@fmanj.org>
Sent: Thursday, April 15, 2010 5:49 PM
To: secretary <secretary@CFTC.gov>
Subject: Position Limit Comments
Attach: FMANJ_CFTC_Position_Limit_Comemnts.pdf

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Fuel Merchants Association of New Jersey

April 15, 2010

David Stawick, Secretary
U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, D.C. 20581

Subject: Comments on Proposed Speculative Position Limits for Energy (File #10-002)

Dear Mr. Stawick:

The Fuel Merchants Association of New Jersey (FMA) represents small businessmen and women who distribute heating oil, gasoline and diesel fuel in New Jersey. Our members distribute heating oil to residential, commercial and industrial customers and distribute branded and unbranded gasoline and diesel fuel to service stations they own, and to service stations they supply, as well as to state and local governments and commercial fleets. FMA's members also install and service central heating and air conditioning equipment and a growing number of members are now certified to perform energy audits under the state's Clean Energy Program.

I am writing today to endorse comments submitted by the Petroleum Marketers Association of America and the New England Fuel Institute submitted on April 9, 2010 on the proposed rule to implement speculative position limits for futures and options contracts for natural gas, crude oil, heating oil and gasoline.

Futures markets were designed as a tool for *bona fide* commercial businesses and end-users to manage risk and "discover" prices for energy based on supply and demand economics. Businesses and consumers rely on these markets and are harmed when they become excessively volatile or subject to extreme price shocks, as we saw with the 2007-2008 energy bubble. In the past ten years, such events have become common and federal regulators failed to take assertive action to address the causes and to restore confidence in the energy futures markets.

By strengthening and passing this proposed rulemaking, the Commission has an opportunity to take an important step in this regard. It will be addressing the main cause of recent market instability – *excessive speculation*. Financial investors, including banks, hedge funds and index funds, speculate in the energy commodities markets for profit, rather than commodity-related businesses and users, who do so to protect themselves from volatility and risk. Speculators take on the risk that hedgers seek to shed, however speculation should not dominate the markets. Moreover, one speculator or class of speculator should not be allowed to take a large, controlling position in any a single commodity.

The Commission has a statutory obligation, if not a compelling moral obligation, to establish hard limits on the size of positions that speculators can take in these markets, and to bar them from any exemptions. The rule that has been proposed is not perfect, and again, I strongly urge the technical improvements suggested by the comments I have written to endorse.

In considering the rule, Commissioners must look past opposition by the financial community and remember the affect that excessive speculation has on businesses like mine, my consumers and the broader economy. It should establish restrictive speculative position limits, and implement them expeditiously, before we see a repeat of the 2007-2008 energy bubble and another major shock to a country still recovering from recession.

Thank you for your consideration.

Sincerely,

Eric DeGesero
Executive Vice President
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