From: Jachym, Jonathan <JJachym@USChamber.com>
Sent: Monday, April 26, 2010 9:07 PM
To: secretary <secretary@CFTC.gov>
Subject: Industry Filings: Comments on Industry Submissions
Attach: Position Limits Proposal_Joint Letter_4.26.10_.pdf

Please find attached a joint comment letter on the Proposed Federal Speculative Position Limits for Referenced Energy Contracts and Associated Regulations submitted by:

American Petroleum Institute, Commodity Markets Council, Natural Gas Supply Association, and U.S. Chamber of Commerce

Please feel free to contact me with any questions.

Regards,

Jonathan

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April 26, 2010

Mr. David Stawick
Secretary
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, NW
Washington, DC 20581

Re: Proposed Federal Speculative Position Limits for Referenced Energy Contracts and Associated Regulations; RIN 3038 – AC85

Dear Mr. Stawick:

The undersigned organizations represent businesses from diverse sectors of the economy that rely on U.S. commodities markets to hedge prices of energy commodities they produce or consume in the course of their business. We appreciate the opportunity to provide comments to the Commodity Futures Trading Commission (CFTC) on the proposal to set position limits on four specific energy contracts in the U.S. futures markets and on related contracts on "Exempt Commercial Markets" that have been determined by the CFTC to be "Significant Price Discovery Contracts" (SPDCs).

We applaud the CFTC's efforts to strengthen U.S. futures markets and support appropriate reforms that will ensure our markets are fair and transparent, reflect prevailing prices, and are liquid enough to serve the diverse needs of their many users. Regulations should support the confidence of all market participants, ensure competition among trading venues, and preserve U.S.-based products as global energy price benchmarks.

We believe that setting position limits on regulated markets under the CFTC's current jurisdiction while unnecessarily restricting the availability of exemptions for hedging financial risk could drive healthy trading activity to unregulated or foreign markets, reduce liquidity, distort competition, and impede price discovery. We believe the CFTC should not take actions that would create strong incentives for regulatory arbitrage and hinder the performance of our regulated markets.

We urge the CFTC to remain cognizant of three key principles in finalizing a decision on the current proposal:

- **First, access to regulated and transparent U.S. energy futures by a diverse range of investors provides liquidity that reduces costs for consumers and businesses.** By allowing commodity producers to transfer their inherent price risk exposure to investors who are better suited to bear it, the participation of swap dealers and other investors in the energy futures market lowers the cost of capital for commodity producers and lowers the price of commodities over the long-run for consumers.

- **Second, healthy competition among trading venues benefits all market participants.** A comprehensive and coordinated approach to regulation will deter regulatory arbitrage and will ensure trading venue options, competitive pricing, and other benefits for commercial users and consumers. Market selection should be based on liquidity, technology, clearing quality, price and customer service – and not regulatory arbitrage.

- **Third, preserving U.S. products as global energy price benchmarks is critical for U.S. consumers and businesses.** We have already seen several examples of U.S. commodity investment funds moving outside of the U.S. due to regulatory uncertainty. These trends threaten U.S.-based global benchmarks and enhance the status of foreign energy products which will only exacerbate the problems of U.S. dependence on foreign energy sources. The CFTC should coordinate with foreign regulatory bodies to the greatest extent possible to ensure that the U.S. markets do not lose their leadership status.

We urge the CFTC to consider the need for greater global coordination and avoid taking actions that could negatively impact all market participants. We would be happy to discuss this matter with you or the appropriate CFTC staff.

Sincerely,

American Petroleum Institute
Commodity Markets Council
Natural Gas Supply Association
U.S. Chamber of Commerce

cc: Honorable Gary Gensler, Chairman, Commodity Futures Trading Commission
Honorable Michael Dunn, Commissioner, Commodity Futures Trading Commission
Honorable Jill Sommers, Commissioner, Commodity Futures Trading Commission
Honorable Bart Chilton, Commissioner, Commodity Futures Trading Commission
Honorable Scott O'Malia, Commissioner, Commodity Futures Trading Commission