

secretary

From: greggb@rebeloil.com
Sent: Wednesday, December 29, 2010 2:28 PM
To: secretary
Subject: I Urge You to Act Fast on High Oil Prices

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OFFICE OF THE SECRETARIAT
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COMMENT

December 29, 2010

David Stawick
U.S. Commodity Futures Trading Commission
1155 21st Street, NW
Washington, DC 20581

Dear David Stawick:

As a small business owner, I urge the Commission and its staff to reverse the irresponsible deregulation of the derivatives markets that has occurred over the past two decades. In recent months as petroleum marketers, gasoline station owners, heating oil dealers and their customers have endured high energy prices, industry concerns about the futures markets have grown exponentially. We now need the CFTC to take new steps to reduce the dominant position investment banks and hedge funds have secured in oil futures. This market domination is a very significant contributor to high gasoline, diesel and heating oil prices.

The oil related futures markets were primarily created to provide the oil industry with a tool to manage inventory and future price related risks. Our industry's management tool has been hijacked by investment banks and hedge funds that profit from price volatility. These companies are not driven to provide motorists and heating oil customers the most affordable energy supplies; they are driven to profit from volatility. The Petroleum Marketers Association of America (PMAA) believes that the U.S. oil industry is dedicated to providing its customers abundant supplies of energy at the most affordable prices. It is time for the CFTC to take steps to reduce speculator dominance of oil prices.

Robust implementation and vigorous enforcement of the regulatory initiatives under the Wall Street Reform legislation is vital if the legislation is to have its desired effects, including increased confidence, security and stability in the derivatives markets while preserving market liquidity, competition, and hedging and price discovery functions.

I urge the CFTC to apply the end-user exemption to be narrowly tailored to those businesses that produce, refine, process, market or consume an underlying commodity and counter-parties buying or selling a position to an end-user. Purely financial risk, including broad terms such as balance sheet risk, should not be considered legitimate commercial risk. Furthermore, for any entity that is not a legitimate end-user like my small petroleum marketing business, the exception should be limited so that it is in direct proportion with their physical holdings, i.e. an investment bank or hedge fund cannot claim to be an end-user and thereby obtain an exemption from speculative position limits or other requirements merely because it holds a few hundred thousand barrels of inventory.

Additionally, the over-the-counter swaps market must be captured under the CFTC proposed rulemakings including swaps traded on foreign boards of trade (FBOTS). FBOTS must be

required to make their trading data available as well as requiring that they adopt position limits and implement prohibitions on manipulation and excessive speculation. They should also be subject to ownership caps.

Finally, the most important aspect of the Wall Street Reform legislation is the enforcement of the strongest possible oil and refined products speculative position limits, as required (not made OPTIONAL) under the Act. The law does not require the Commission to prove that speculation is excessive before imposing such limits; it again REQUIRES the Commission to impose limits in order to PREVENT the burdens of excessive speculation. The Act requires that such limits be established and enforced within 180 days from enactment for exempt commodities (including energy commodities), not simply that the commission promulgate formulae for such limits and then impose them at some later date, as has been suggested. Exchange traded funds and index funds should also be captured under the aggregate position limit rulemaking. The Commission must publish a rule for comment and enforce said rule as soon as possible.

I know that the CFTC wants to do something about the gasoline, diesel and heating oil prices crippling our economy. My customers are hurting and my business is at risk. I urge you to take expedited action to ease the costly burden of dysfunctional oil futures markets by imposing aggregate oil position limits immediately!

Thank you in advance for your consideration.

Sincerely,

Gregg Benson
702-382-5866