

David A. Stawick, Secretary
Commodity Futures Trading Commission
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- **17 CFR Parts 1, 150 and 151**
- **RIN Number 3038-AD15 and 3038-AD16**
- **Position Limits for Derivatives**

Dear Mr. Stawick.

Thank you for giving us the opportunity to comment on your notice of proposed rulemaking: Position Limits for Derivatives.

Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank) requires the CFTC to establish position limits for certain physical commodity derivatives. The CFTC is proposing to simultaneously establish position limits and limit formulas for certain physical commodity futures and option contracts executed pursuant to the rules of designated contract markets (DCM) and physical commodity swaps that are economically equivalent to such DCM contracts. In compliance with the requirements of Dodd-Frank, the CFTC is also proposing aggregate position limits that would apply across different trading venues to contracts based on the same underlying commodity.

I suggest that the proposal will be difficult to enact and enforce considering that there are open questions about the subjectivity in complying with the rules and given the potential problems with ongoing monitoring. Given that the covered derivatives are not explicitly listed, there is ambiguity as to the specific derivatives that must be aggregated in order to determine whether an entity has reached its position limit. I would recommend more clarity here, so that any position limits would be clearly defined and objectively measurable. I also recommend that the definition of "deliverable supply" should be tightened clarified and made more objective. It is not clear how to interpret this in practice, or that the current proposed definition would have and bearing on speculative activities.

Please note that the comments expressed herein are solely my personal views

As a minimum, I strongly support that position limits should be subject to exemptions for bona fide hedging transactions, and also for positions established in good faith prior to the limits' effective date.

Yours sincerely

Chris Barnard