McALLISTER...The Service Company
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March 14, 2011

David A. Stawick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street N.W.
Washington, DC. 20581

COMMENT

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OFFICE OF THE SECRETARIAT
RECEIVED CFTC

Subject: **RIN 3038 – AF15 and 3038 AD16**
Position Limits for Derivatives

Dear Mr. Stawick,

McAllister is a firm that distributes Heating Oil to Residential, Commercial, and Industrial customers in the Seven County Area of Southern New Jersey. (Burlington County and South.) We also install and service Central Air Conditioning and Central Heating systems of all types plus Domestic Hot Water Heating and other kinds of Home comfort equipment in the same geographical area.

Immediate adoption of the proposed rule **(RIN 3038 – AF15 and 3038 AD16) Position Limits for Derivatives** is requested.

After years of volatile commodity markets, the CFTC is finally poised to impose position limits for physical commodities. Dozens of studies by industry experts, economists, academics and committees in Congress, as well as direct comments to CFTC through prior rulemaking initiatives and working groups serve only to reinforce the need for meaningful position limits in the commodity markets and therefore adoption of this rule.

The industry trade associations in their efforts to communicate broad industry concerns with a market structure that seemingly no longer serves a valid price discovery function is completely supported by McAllister…The Service Company. Massive positions held by speculators have contributed to price volatility that is simply unrelated to supply and demand fundamentals. The recent upheaval in the Middle East only reinforces the urgent need to enforce immediate and individual and aggregate position limits on speculators in the commodities markets.

McAllister notices the impact of price volatility every day. Over the last few weeks, rack prices have skyrocketed which has detrimentally impacted petroleum marketers and retailers. Many businesses in my industry engage in hedging to protect acquisition costs and take delivery of product that we, in turn, sell to customers. That simple transaction is now more expensive because hedging costs for product acquisition have increased due to speculation in the market. It is seen every day by our customers as well as us. This rule, in combination with the Commission's overall regulatory structure, is the best hope to return price stability to commodity markets.

Title VII of the Wall Street Reform Act has acknowledged the potential harm of excessive speculation and has reaffirmed the importance of position limits by providing the Commission with new authorities to impose such limits on currently unregulated markets. The Commission understands its responsibility under existing law to prevent excessive speculation as an undue unnecessary burden on interstate commerce.

Commodities are vital resources to American industries, businesses and consumers. Well functioning markets are critical to commodity price discovery. Position limits, as proposed in this rule, will play a critical role in reestablishing market fundamentals. You are urged to support the adoption of this rule.

Respectfully yours,
McAllister…The Service Company

Donald J. McAllister
President

DJM/dv