Geneva Energy Markets, LLC

July 5, 2011

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

RE: Position Limits for Derivatives (RIN 3038-AD15 and 3038-AD16)

Dear Mr. Stawick:

Geneva Energy Markets, LLC ("GEM") appreciates the opportunity to comment on the CFTC's proposed rule on position limits for derivatives as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"). GEM supports the goals of Dodd-Frank and believes in open, competitive, and structurally sound markets.

GEM also believes that position limits should be imposed for derivative instruments, particularly in the oil markets, and that the CFTC's proposed position limit rules, for the most part, impose appropriate limits.[1] Specifically, the spot-month, aggregate, and all-month-combined ("AMC") limit regimes are appropriate as drafted and should provide sufficient flexibility to market participants. However, GEM believes that the proposed non-spot-month single class limits will overly restrict important liquidity providers such as GEM from providing swap liquidity to the oil markets, including liquidity to producers and end-users.

GEM Background

GEM is an active participant in the energy markets, providing significant liquidity by making markets on electronic exchanges and in cleared OTC energy swaps. GEM has substantial expertise in the oil markets including heating oil and gasoline, and benefits end-users and producers by providing efficient quotes across a range of complex swap and future instruments. GEM is not a bank or financial institution, does not manage or maintain customer money, and only trades exchange-listed, cleared products.

Proposed Rule for Derivative Position Limits

This letter addresses the non-spot-month single class limits in oil, as GEM believes the aggregate limits for single month and AMC limits are appropriate as drafted and should provide sufficient flexibility to market participants.

However, the single class limits should reflect the similarity of exchange-listed cleared swaps and futures and their high correlation. The ability of firms such as GEM to provide liquidity to all market participants depends on our ability to facilitate large trades in non-spot

[1] "Position Limits for Derivatives," 76 Fed. Reg. 4752 (January 26, 2011).

month contracts using swaps and futures and to hedge those trades. However, because we may be generally long in the swaps class along the curve in a product and short in the futures class in the same product (resulting in little if any overall directional bias), the single class limits do not accurately reflect the realistic market risk of these positions. In fact, the proposed single class limits are likely to restrict the ability to hedge across these very similar classes in the energy markets and could result in a firm's position becoming more volatile as less correlated products are used to hedge to avoid breaching these single class position limits.

Proposed Solution

GEM suggests that the Commission raise the single class limits to twice the aggregate limit. For example, if the aggregate AMC limit for heating oil is 15,000 contracts, the limit for a single class, either futures or swaps, would be 30,000 contracts. For traders that are long both futures and swaps (or short both futures and swaps), the aggregate limit would apply and the class limit would not be relevant. We believe this approach would more accurately reflect the dynamics of the markets and contribute to the ability of all market participants to provide liquidity.

GEM greatly appreciates the opportunity to submit our views on these important issues before the CFTC. Do not hesitate to contact us if you have any questions regarding the comments in this letter.

Sincerely,

/s/ Mark Vonderheide

Managing Partner
Geneva Energy Markets, LLC

/s/ Robert S. Creamer

President
Geneva Trading USA, LLC