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**VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

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

RE: "Enhancing Protections Afforded Customers and Customer Funds Held by Futures Commission Merchants and Derivatives Clearing Organizations," 77 Fed. Reg. 67866, RIN 3038-AD88 (November 14, 2012)

Dear Mr. Stawick:

Pilot Travel Centers LLC, d/b/a Pilot Flying J ("Pilot Flying J"), is a member of the Petroleum Markets Association of America ("PMAA") and submits this letter to the Commodity Futures Trading Commission ("CFTC") in response to the Notice of Proposed Rulemaking on "Enhancing Protections Afforded Customers and Customer Funds Held by Futures Commission Merchants and Derivatives Clearing Organization" published on November 14, 2012. We understand that the Commission has extended the comment period to submit comments and we present this letter pursuant to that extension.

Pilot Flying J is a Delaware limited liability company which operates over 550 travel centers in the United States. In this regard, Pilot Flying J purchases, transports and delivers a load of fuel to its locations every thirty seconds. In addition, Pilot Flying J is the majority shareholder of Pilot Logistics Services, which provides fuel and transportation services to drilling and exploration companies throughout the United States.

In order to protect its business operations and its consumers from price risks in the petroleum markets, Pilot Flying J engages in hedging activities, which includes futures and swap agreements. While many other companies have more complicated risk management operations, Pilot Flying J uses a commodity brokerage firm to manage its hedging needs. Pilot Flying J puts its faith in its broker and commodity market regulators to ensure that its money is properly managed, insured and protected and segregated from risky trading activities that are unaffiliated with the direct needs of Pilot Flying J.

On October 31, 2011, Pilot Flying J was lucky and only lost approximately \$24,000 with the bankruptcy of MF Global, but it could have been worse. Pilot Flying J commends the Commission Staff

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for your efforts to re-establish hedging positions and retrieve customer funds. However, additional risks still exist. Among the important areas in which reform is still needed includes:

- **Secure and Segregated Customer Accounts** – Futures Commission Merchants (“FCMs”) must be required to properly secure and segregate customer funds. Use of these funds for outside investments, capitalization or collateralization must be restricted or prohibited outright. The Commission should prohibit the use of customer funds for proprietary trading and other risky/speculative activities and strengthen oversight and audit requirements.
- **Disclosure Requirements** – Brokers must be required to disclose information to their customers on how their accounts and position will be managed and maintained, as well as associated risks and what kinds of financial protections are afforded them by the firm, the exchange and the federal government.
- **Federally-mandated Insurance Protections** – Pilot Flying J continues to believe that Congress must extend to commodity brokerage clients the similar bankruptcy protections afforded depositors under the Federal Deposit Insurance Corporation (“FDIC”) and securities investors under the Securities Investor Protection Corporation (“SPIC”).

Regarding the first two bullets above, the proposed rule is a major step in the right direction. Since the MF Global crisis, the CFTC has engaged in an unprecedented dialogue with self-regulatory organizations (“SROs”), FCMs and brokerage clients on the changes needed to enhance consumer protections and prevent another MF Global issue. The CFTC has clearly benefited from the roundtable discussions as well as various Congressional hearings held over the last 15 months. The proposed rule enhances CFTC oversight and strengthens the disclosure of vital information to brokerage clients. It also improves capitalization requirements to ensure that firms are less financially stressed and, as a result, enhances market integrity. Pilot Flying J fully supports the CFTC’s efforts and all of the reforms included in the proposed rules. However, Pilot Flying J would like to bring the Commission’s attention to a few areas of concern.

First, Pilot Flying J would request stronger customer disclosure requirements. Proper disclosures of customer protections are equally important as the disclosure of potential risks to ensure customer confidence. Pilot Flying J does not believe that the National Futures Association should be the primary source for customer disclosures. The CFTC should establish standardized disclosure requirements that both educate the customer on legal and financial protections afforded his/her business as well as inform the customer of potential risks as required under the proposed rule. Additional disclosures should be required by SROs or FCMs in order to meet customer needs or as the market demands. Further, mandated customer disclosures should be made prior to an initial transaction and annually thereafter, or more frequently as required by changes to firm account management or trading practices and the associated risks, or in light of future modifications to customer protections.

Second, Pilot Flying J commends the CFTC for including in the proposed rule requirement that customer funds held overseas be made subject to the “highest regulatory requirement[s] relevant to those funds, whether it is the United States or the foreign regime.” However, Pilot Flying J agrees with other commenters’ concerns regarding the FCM’s ability to engage in cross-border transactions with segregated customer funds and/or transfer customer accounts to off-shore subsidiaries for the purpose of evading U.S. rules and regulations – all without the customer’s knowledge or approval. This should be remedied in the final rule.

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Third, Pilot Flying J sides with other commenters who urge that the CFTC must strive to avoid potential burdens on commodity brokerage customers, such as inadvertently requiring customers to increase their cash holdings with a broker as a result of new requirements for pre-funded or intra-day margin calls. As the Commission considers a final rule it is important that potential burdens be identified and avoided to the greatest extent possible.

Finally, Pilot Flying J does not believe that the proposed rules or other proposed modifications to industry standards, best practices or rules and regulations by the CFTC, SROs or FCMs are, in and of themselves, wholly sufficient to protect customer interests in the event of another brokerage firm collapse. Federally-mandated commodity investor insurance is still required as a vital means of safe-guarding customer funds and renewing consumer trust and confidence in light of recent market events.

Thank you in advance for your consideration in this matter. If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,


Pilot Travel Centers LLC

Brad Jenkins
Vice President of Supply