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January 16, 2015

Christopher Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st St., NW
Washington, DC 20581

Re: Position Limits for Derivatives and Aggregation of Positions
RIN 3038-AD99; 3038-AD82

Dear Mr. Kirkpatrick,

We at Ecom Agro Industrial, Inc. (Ecom) appreciate the opportunity to submit our comments and reflections to the proposed rules issued by the CFTC setting forth new standards to position limits for derivatives, futures, and aggregation of positions.

Ecom has been involved in the "soft commodities" (coffee, sugar, cocoa & cotton) for several generations, with a heavy emphasis on integration from production areas to delivery for end users. We are currently invested in over fifty countries to support a basic business plan: to function as a traditional merchant, ensuring consumer access to these goods at a reasonable price. We mill, transport, execute quality control, insure, and finance these goods. Due to this involvement in many facets of the supply chain, mitigation of risk and hedging is of primary concern. The risks involved in these international commodities are extremely high by any standard; therefore the efficient use of futures, derivatives and OTC products not only for ourselves, but for our clients is of the utmost importance.

We now live in a world where drastic changes happen overnight with real consequences; the foreign exchange world is just one recent example. As we tend to carry billions of Dollars of inventory and forward contracts, even very small changes have enormous impact. To adjust, we have relied on the Exchange to provide efficient and commercially relevant decisions and rulings in a timely fashion. To now move that center of decision making to the Commission, which by its nature is not well informed about the customs, traditions and precedents of our business will make hedging a more difficult and expensive process for us. Combined with new limitations on the definition of bona fide hedges, the proposed rules will have a material impact on our business and make it a less efficient one.

Coffee and cocoa face significant logistical challenges, bringing products for delivery to the Exchange as well as satisfying the quality standards for each product being the primary two. Quality issues for these two commodities are different than any other as they have a taste and flavor profile that is unique. For these reasons bringing goods in for tender generally take time. These goods also suffer from aging, further restricting the usefulness of certified inventory. With this in mind, we urge the Commission to allow the Exchange to continue its monitoring and guidance to allow for orderly transactions. Also important though is to include ownership of certified inventory into the calculations for positions and limits for these goods.

There are aspects of our business that do not seem sufficiently addressed in the proposals at hand. We have unfixed contracts that we need to hedge which include positions into delivery period. This is not a practice we condone, however, it is a reality and we ask the Commission to take this into account. We provide hedging services for our clients that extend beyond a twelve month horizon. In fact, the success of the Exchange in providing a reliable tool to mitigate risk and execute a professional business plan in the soft commodity space has allowed us to transact business beyond twenty four months. This allows for large corporations to plan their costs of goods and conversely for producers to have control of their selling price which is extremely important, especially as these products are from LDCs.

We strongly support the Exchange in their surveillance of aggregation of positions based on common ownership. Simple majority ownership of a company does not signify control. We rely on our local managers to hedge and mitigate their risk based on local factors. If forced to aggregate all the entities based on position limits this becomes a very expensive and potentially unreliable tool. We have offices around the world that act independent of each other. For the size of a company such as ourselves, the proposed rules will result in a constant request for exemptions and increased positions.

Cocoa is unique in that the same product is fungible in both the London and New York Exchanges. The imposition of position limits is therefore incomplete as the definition in each location is substantially different. We urge the regulators from each country to see if there is any possibility to harmonize their rules, regulations and definitions.

In brief, we applaud the CFTC for reviewing the current state of affairs and how to work with industry to execute our business plan efficiently via the use of futures, options and derivatives. The Exchange has provided a very effective platform for us to mitigate our risks and provide our service to the public. We advocate the Commission and the Exchange to work together to provide timely and efficient rules and regulations for us.

Sincerely,

Henry C. Dunlop
President
Atlantic (USA), Inc.
On behalf of Ecom Agro Industrial, Inc.