PUBLICCITIZEN Protecting Health, Safety and Democracy

January 22, 2015

Ms. Melisa Jurgins
Secretary
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, N.W.
Washington, D.C. 20851

Re: Position limits for Derivatives (RIN3038-AD99); Aggregation of Positions (RIN 3038-AD82)

Dear Ms. Jurgens,

On behalf of more than 350,000 members and supporters of Public Citizen, we submit the following comments regarding position limits for derivatives and the aggregation of positions. We ask the Commission to review our previous letter on this issue for a more fulsome consideration of the policy.[1] Here, we add a few brief comments.

Generally, we endorse the Commission's effort to establish position limits and aggregation rules. Commodity markets are central to our economy. Accurate pricing and the availability of hedging opportunities help the real economy efficiently transform commodities into useable products. However, with the relatively recent entry and into and subsequent domination of this market by financial speculators, the Commission essentially confronts a dynamic where the real economy is almost an afterthought.

We believe the Commission's proposed limits are grossly high. As the criminal investigations of benchmark manipulations in Europe have demonstrated, the ability of a few firms to collude is a present danger. Codifying metrics whereby a few firms can control more than half the market simply attracts instead of deters manipulation. There is no good reason for a single firm to take 25% of a market.

The rise of commodity index funds represents another threat. Testimony by Public Citizen (Tyson Slocum) of November 3 , 2011 before the Senate Permanent Subcommittee on investigations, research

[1] Public Citizen letter, available at: http://www.citizen.org/documents/cftc-comments-position-limits-for-derivatives-february-7-2014.pdf

by better Markets[2] and by the Commission itself[3] establishes this troubling role. These investors promote excessive speculation that compromises price discovery. We continue to believe that these investment vehicles should be prohibited.

Aggregation limits are crucial to prevent the evasion of position limits through the use of subsidiaries. We object to exemptions from the 10 percent ownership requirement as a trigger for aggregation, in particular the proposed 50 percent limit for an entity where the Commission envisions ways that it might be independently controlled. We think such an exemption is patently unworkable.

In conclusion, we observe that the present decline in oil prices may currently reduce concerns that excessive speculation could drive up price, at least in the key energy area of the economy. Nevertheless, oil prices will rise in the future, and the potential remains that excessive speculation, rather than market fundamentals will drive prices, destabilizing markets and disadvantaging consumers.

For questions, please contact Public Citizen Energy Program Director at tslocum@citizen.org, or Public Citizen financial policy advocate Bartlett Naylor at bnaylor@citizen.org.

Sincerely,

Public Citizen

[2] www.bettermarkets.com/reform-news/new-better-markets-research-report-shows-wall-street-driving-food-fuelprices
[3] http://www.cftc.gov/ucm/groups/public/@swaps/documents/file/plstudy_45_hsrw.pdf