



November 13, 2015

Via Electronic Submission

Chris Kirkpatrick  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, DC 20581

Re: Comment Period Regarding the Supplemental Notice of Proposed Rulemaking  
for the Aggregation of Positions (RIN 3038-AD82)

Dear Mr. Kirkpatrick:

The Natural Gas Supply Association (“NGSA”) appreciates the opportunity to submit the following comments to the Commodity Futures Trading Commission (the “CFTC” or “Commission”) as part of its comment period for its supplemental notice of proposed rulemaking (“Supplemental Notice”) on the aggregation of positions.

Correspondence regarding this submission should be directed to:

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Established in 1965, NGSA encourages the use of natural gas within a balanced national energy policy, and promotes the benefits of competitive markets, thus encouraging increased supply and the reliable and efficient delivery of natural gas to U.S. customers.

NGSA members enter into thousands of physical and financial natural gas transactions daily and invest billions of dollars in the long-term development of natural gas supply for sale in the U.S. natural gas market. As large producers and suppliers of natural gas, NGSA members would not invest in the growth of the physical natural gas market if they did not believe the market exhibited three key principles of health—integrity, transparency and efficiency.

NGSA believes that natural gas and other commodity markets can function well under a federal position limits regime, as long as the limits are set appropriately.<sup>1</sup> Congress recognized the need to balance the potential benefits of position limits against the risk of market harms caused by such limits, requiring any position limits to be both “necessary” and “appropriate” for preventing “excessive speculation . . . causing sudden or unreasonable fluctuations or unwarranted changes in [ ] price” and “market manipulation, squeezes or corners,” while at the same time ensuring “sufficient market liquidity for bona fide hedgers” and non-disruption of “the price discovery function of the underlying market.”<sup>2</sup>

NGSA applauds the CFTC’s recent efforts to revise its policy on aggregation under the Commission’s position limits regime. While NGSA supports the Commission’s recent proposed changes, a few minor additional changes would streamline market participant compliance. NGSA respectfully requests the Commission’s consideration of these comments.

First, NGSA urges the Commission to remove the presumption of control of an entity where there is a minority ownership interest. This approach would retain the presumption of control where there is a majority ownership interest (*i.e.* an ownership interest exceeding fifty percent). Importantly, this approach would extend the exclusion now available to minority owners with a stake below ten percent to all minority ownership interests. Simplifying compliance, corporate control would be assumed where there is a majority interest and noted where there is a minority interest.

Second, requiring aggregation of positions for affiliates that share risk-management systems may hinder risk mitigation. Owners and their affiliates may need to share information regarding trades or trading strategy to verify compliance with applicable credit limits and restrictions and collateral requirements for inter-affiliate transactions. Thus, the Commission’s aggregation rules should provide explicit safe harbors for the sharing of risk management information within any final rule for the aggregation of positions.

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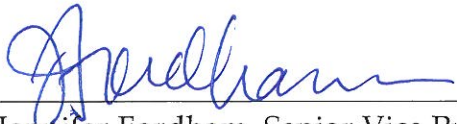
<sup>1</sup> NGSA does not take a position on whether such federal position limits are “necessary,” but believes that affected derivatives markets can function well as long as such limits are set appropriately.

<sup>2</sup> See CEA §§ 4a(1), (3)(B).

Third, NGSА urges the Commission to clarify that an owner filing a notice of trading independence in order to claim an exemption from the aggregation requirements need only make subsequent filings in the event of a material change in the owner's degree of control over the subsidiary's positions.

NGSA welcomes the opportunity to further discuss these comments with the Commission. If we can provide any additional information, please do not hesitate to contact us.

Sincerely,

A handwritten signature in blue ink, appearing to read "JFordham", written over a horizontal line.

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