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September 29, 2016

Via Electronic Submission

Christopher Kirkpatrick, Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: Position Limits for Derivatives: Certain Exemptions and Guidance (RIN 3038–AD99)

Dear Mr. Kirkpatrick:

The Futures Industry Association ("**FIA**") submits this comment letter to update prior comments to the Commodity Futures Trading Commission ("**Commission**" or "**CFTC**") regarding the Commission's rulemakings proposing position limits for derivatives.[1] In response to the 2013 Position Limits Proposal and the 2016 Supplemental Proposal, FIA requested that the Commission provide a transition period of not less than nine months after the Commission adopts a final rule and the relevant exchanges implement a process for market participants to obtain exemptions from federal limits.[2] Furthermore, in response to a re-opening of the comment period, FIA recommended that the Commission coordinate the compliance date for its final position limits rule with the expected compliance date for position limits in Europe.[3] FIA writes to supplement its prior comments in order to take into account recent developments in the expected timing for position limits in Europe.[4]

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[1] *See Position Limits for Derivatives*, 78 Fed. Reg. 75680 (Dec. 12, 2013) ("**2013 Position Limits Proposal**"); and *Position Limits for Derivatives: Certain Exemptions and Guidance*, 81 Fed. Reg. 38458 (June 13, 2016) ("**2016 Supplemental Proposal**"). FIA is the leading trade organization for the futures, options, and cleared swaps markets worldwide. FIA's membership includes clearing firms, exchanges, clearinghouses, and trading firms from more than 25 countries as well as technology vendors, lawyers, and other professionals serving the industry. FIA's mission is to support open, transparent, and competitive markets, to protect and enhance the integrity of the financial system, and to promote high standards of professional conduct. As the principal members of derivative clearinghouses worldwide, FIA's member firms play a critical role in the reduction of systemic risk in the global financial markets.

[2] *See* FIA Letter to CFTC, Section XIII (Feb. 7, 2014); and *see* FIA Letter to CFTC, Section XIX (July 13, 2016).

[3] *See* FIA Letter to CFTC, Section II (Jan. 22, 2015).

[4] FIA incorporates all of its prior comments by reference and requests that the Commission consider them in conjunction with the comments herein prior to adopting a final position limits rule.

FIA continues to support coordinating the compliance date for a Commission final position limits rule with the expected compliance date for position limits in Europe. The coordination of the implementation schedules of U.S. and European position limit regimes would help to reduce the time and expense necessary to design and implement systems to comply with the rules. Since FIA's prior recommendation to the CFTC regarding coordination of the implementation of position limits with Europe, the European Commission delayed the compliance date for MiFID II, which contains the rules that apply position limits in Europe, from January 3, 2017 until January 3, 2018.[5] The European regulators provided the extension due to the "exceptional implementation challenges faced by regulators and market participants."[6] Given this delay, FIA recommends that the compliance date for any CFTC final rule imposing federal position limits on derivatives be no earlier than the current January 3, 2018 compliance date in Europe. To the extent the European Commission further delays the compliance date for position limits in Europe, the CFTC should, in turn, delay the compliance date for CFTC limits.

In addition to coordinating the Commission's position limit implementation schedule with Europe, the implementation period for any new U.S. federal position limits should provide market participants adequate time to understand the final rule and a meaningful opportunity to develop, test and implement the information technology, reporting, supervisory and compliance systems necessary to comply with the position limits. As FIA has previously commented, given the proposed delegation in the 2016 Supplemental Proposal to the exchanges for certain hedge and spread exemptions, the transition period should not commence until the exchanges implement rules and procedures for market participants to apply for an exemption.[7] Accordingly, FIA continues to believe that the transition period for any U.S. limits should be no less than nine months from the adoption of a final rule and the relevant exchanges' implementation of a process to obtain exemptions from federal limits.

Please contact Allison Lurton, Senior Vice President and General Counsel, at 202-466-5460, if you have any questions about FIA's comments or recommendations.

Respectfully submitted,

Walt L. Lukken

Walt L. Lukken
President and Chief Executive Officer

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5 Directive (EU) 2016/1034 amending Directive 2014/65/EU on markets in financial instruments, OJ L 175, 30.6.2016, p. 8-11; Regulation (EU) 2016/1033 of the European Parliament and of the Council of 23 June 2016 amending Regulation (EU) No 600/2014 on markets in financial instruments, Regulation (EU) No 596/2014 on market abuse and Regulation (EU) No 909/2014 on improving securities settlement in the European Union and on central securities depositories, OJ L 175, 30.6.2016, p. 1-7.

6 European Commission, Press Release, *Commission extends by one year the application date for the MiFID II package*, Brussels, February 10, 2016, http://europa.eu/rapid/press-release_IP-16-265_en.htm.

7 *See* FIA Letter to CFTC, Section XIX (July 13, 2016).

cc: Honorable Timothy G. Massad, Chairman
Honorable Sharon Bowen, Commissioner
Honorable J. Christopher Giancarlo, Commissioner
Vincent A. McGonagle, Director
Stephen Sherrod, Senior Economist
Riva Spear Adriance, Senior Special Counsel
Lee Ann Duffy, Assistant General Counsel
Steven Benton, Economist