

Christopher Kirkpatrick, Secretary
Commodity Futures Trading Commission
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05 May 2020

- **17 CFR Parts 1, 15, 17, 19, 40, 140, 150 and 151**
- **RIN Number 3038-AD99**
- **Position Limits for Derivatives**

Dear Mr. Kirkpatrick.

Thank you for giving us the opportunity to comment on your proposed rule on Position Limits for Derivatives.

The CFTC is proposing amendments to regulations concerning speculative position limits to conform to the Wall Street Transparency and Accountability Act of 2010 (Dodd-Frank Act) amendments to the Commodity Exchange Act (CEA). Among other amendments, the CFTC proposes new and amended federal spot month limits for 25 physical commodity derivatives; amended single month and all-months-combined limits for most of the agricultural contracts currently subject to federal limits; new and amended definitions for use throughout the position limits regulations, including a revised definition of “bona fide hedging transactions or positions” and a new definition of “economically equivalent swaps”; amended rules governing exchange-set limit levels and grants of exemptions therefrom; a new streamlined process for bona fide hedging recognitions for purposes of federal limits; new enumerated hedges; and amendments to certain regulatory provisions that would eliminate Form 204, enabling the CFTC to leverage cash-market reporting submitted directly to the exchanges.

Bona fide hedging definition

Proposed § 150.1 will replace the bona fide hedging definition in current § 1.3. I generally support this, as it ensures that market participants with positions that hedge legitimate commercial needs are recognised as hedgers and therefore exempt from the proposed position limit requirements. It should be stressed that bona fide hedging must have a strong

Please note that the comments expressed herein are solely my personal views

economic rationale, with risks backed by positions that replicate underlying cashflows or valuations with more than an average or accidental offsetting. This approach is therefore reasonable and complete.

Yours sincerely

C.R.B.

Chris Barnard