



15 May 2020

Via Electronic Submission

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

Re: Position Limits for Derivatives (RIN 3038-AD99)

Dear Mr. Kirkpatrick:

Namoi Cotton Alliance (“NCA”) appreciates the opportunity to submit this comment letter in response to the Commodity Futures Trading Commission’s (“CFTC” or “Commission”) proposed rulemaking entitled “Positions Limits for Derivatives” (the “Proposal”).

NCA supports the Commission’s efforts to issue a final position limits rule and would like to comment specifically on CFTC Form 304.

We support the elimination of Form 204 and the proposed changes to Form 304; however, the Commission should go further with its plan regarding Form 304 and either: (1) eliminate Form 304 completely; or (2) if it has compelling reasons to continue collecting Form 304 data, stop publishing the data for public dissemination.

Below are NCA’s responses to the four questions related to Form 304 in the Proposal.

(46) To what extent, and for what purpose, do market participants and others rely on the information contained in the Commission’s weekly cotton on-call report?

NCA’s Response: Market participants do analyze the cotton on-call reports, but we believe most review the report to understand the commercial positions in the market. While supporters of this report will cite transparency or equality of information to justify its continuance, NCA does not believe that one market participant should have access to another participant’s position. Access to this information enables speculative traders to view the positions of producers and consumers of the physical commodity, which have been sold or purchased on-call, and anticipate the producers’ or consumers’ requirement to fix by a known time. This creates an opportunity to trade against these publicly disclosed fixations.

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(47) Does publication of the cotton on-call report create any informational advantages or disadvantages, and/or otherwise impact competition in any way?

NCA's Response: The report definitely creates an advantage because much of the cotton produced and consumed in the world is contracted using on-call contracts, and unfixed-price positions show market positions that need further futures market activity.

(48) Should the Commission stop publishing the cotton on-call report, but continue to collect, for internal use only, the information required in Part III of Form 304 (Unfixed-Price Cotton "On Call")?

NCA's Response: We question the need for the Commission to collect this information for only the cotton market but not for other commodity markets, many of which have the same facts and circumstances as cotton. Should the Commission have a compelling reason for continuing the collection of this data, we would strongly support not publishing this data.

(49) Alternatively, should the Commission stop publishing the cotton on-call report and also eliminate the Form 304 altogether, including Part III?

NCA's Response: Yes, unless the Commission has a policy reason for maintaining it.

Thank you for the opportunity to provide comments on the Proposal. If you have any questions or concerns, please do not hesitate to contact me pharvey@namoica.com.au.

Sincerely,



Pedr Harvey
Trader
Namoi Cotton Alliance

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