



Louis Dreyfus Company

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May 15, 2020

Via Electronic Submission

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

Re: Position Limits for Derivatives

Dear Mr. Kirkpatrick:

The Louis Dreyfus Company group of companies (“LDC”) appreciates the opportunity to submit comments on the Commodity Futures Trading Commission’s (“Commission”) proposed rule implementing federal speculative position limits (“Proposed Rule”).

LDC was founded in 1851 and operates in all areas of the agricultural commodity supply chain including origination, processing, storage, transportation, merchandising and distribution. LDC’s business is highly diversified and involves the major agricultural commodities, such as grains, oilseeds, rice, cotton, sugar, juice and coffee. LDC believes that our presence in the physical markets, which ranges across the global agricultural commodity supply chain, allows us to understand the impact of the Proposed Rule on all participants in the supply chain, including producers, merchandisers, processors and end users.

LDC broadly supports the Proposed Rule and appreciates the Commission’s efforts to address many of our concerns with prior versions of the Proposed Rule. However, there are still several parts of the Proposed Rule that warrant change to allow participants in the agricultural commodity supply chain to properly manage risk.

Comments

- **Unfixed-Price Contracts:** LDC is concerned that the Proposed Rule would not provide the exchanges the authority to grant hedge exemptions through the enumerated process that will allow merchants to properly manage risks associated with unfixed-price contracts. LDC supports the comments submitted by the American Cotton Shippers Association (“ACSA”), the National Grain and Feed Association (“NGFA”) and the Commodity Markets Counsel (“CMC”) addressing risks associated with unfixed-price contracts.
- **Deliverable Supply:** LDC disagrees with the deliverable supply estimates for the U.S. Cotton No. 2 (“CT”) contract. LDC supports the comments submitted by ACSA addressing deliverable supply for CT.
- **Spot Limits:** LDC objects to the proposed increase to the spot limit for the CT contract. LDC supports the comments submitted by ACSA regarding spot month limits for the CT contract.

- **Non-Spot Limits:** LDC objects to the increase of the non-spot limits for the legacy ag contracts. However, if the Commission decides to move forward with increasing these limits, LDC requests that the Commission adopt lower single month limits to prevent speculative activity from concentrating in a single contract month and thus jeopardizing convergence. The Commission could do so by setting the single-month limits at the current levels or by setting the single month limits at 50% of the combined all-months limits.
- **Form 204 and 304:** LDC supports the elimination of the Form 204 and 304 (including the cotton on-call report). LDC supports the comments submitted by ACSA, CMC and the National Council of Textile Organizations addressing Form 204 and 304.
- **Measuring Risk:** LDC supports allowing market participants the flexibility to measure risk in the manner most suitable for their business. LDC supports the comments submitted by ACSA and CMC regarding measuring risk.
- **Temporary Substitute Test and Risk Management Exemptions:** LDC supports the revisions to the temporary substitute test and the elimination of risk management exemptions. LDC supports the comments submitted by ACSA and NGFA addressing the temporary substitute test and risk management exemptions.
- **Regulation 1.47 and 1.48:** LDC supports the elimination of regulations 1.47 and 1.48. LDC supports the comments submitted by CMC addressing regulation 1.47 and 1.48.

Conclusion

LDC appreciates the opportunity to comment on the Proposed Rule and we hope our comments are constructive to the process of finalizing a new rule. If you have any questions about these comments or need any further information, please do not hesitate to contact me at Reginald.Griffith@ldc.com.

Sincerely,



Reginald Griffith
Head of Regulatory Compliance
Louis Dreyfus Company