

GLENCORE

AGRICULTURE B.V.

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

May 15, 2020

Re: Comments on Changes to Form 304 (Part III) (Reporting of Unfixed-Price Cotton “On Call”)

Dear Mr. Kirkpatrick,

My name is Matthew Weber, and I am the General Counsel for Glencore Agriculture B.V. (“GABV”) and Glencore Agriculture Limited (“GAL”), the ultimate parent company for the Glencore Agriculture group of companies (including GABV).

I am writing to you to submit comment on behalf of GAL in respect of proposed changes to Form 304 (Part III) in respect of the weekly reporting of unfixed-price cotton “on call” positions.

Recently, the Commodity Futures Trading Commission (the “Commission”) submitted certain questions for public comment (as set out in the Federal Register, Vol. 85, No. 39 at page 11657, published on February 27, 2020) in relation to Part III of Form 304. Those questions, and GAL’s responses to those questions, are as follows.

(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?

We consider the information set out in the Commission’s weekly cotton on-call report to be very important, and frequently utilize such information as a factor in our internal decision-making process. Moreover, we consider that other market participants are utilizing such information in a similar way. The cotton market is a relatively small and specialized market, and the weekly cotton on-call report is the only available means by which all market participants can observe changes in the unfixed-price cotton position. This information assists us, and presumably all other market participants, large and small, and regardless of position in the marketplace (e.g., producer, cooperative, spinning mill, trader, speculator, financial institution, etc.), in assessing price and existing liquidity in the marketplace, and allows us to make more informed decisions to fix prices and settle contracts in any orderly manner, without unnecessary risk or disruption. Without such information, given the relatively small size of the market, we are concerned that market participants, being unaware of the unfixed-price position of other market participants (in the aggregate) in the market, may wait until just prior to the notice period to settle, thereby potentially causing price disruptions and volatility in the form of sudden unanticipated price increases or decreases just prior to the commencement of the

notice period (depending on available liquidity in the market at that point in time). By contrast, however, with this information available (as is currently the case), market participants are capable of making more informed decisions, in advance of the commencement of the notice period, thereby settling their outstanding commitments in an orderly fashion, if they perceive that it may be advantageous to do so (e.g., because available liquidity at a later point in time may be insufficient).

As a large market participant, we have a long-term interest in participating in, and commitment to, the cotton market. As such, we support, and we anticipate that the Commission will also support, the collection and publication of information which provides material assistance to market participants in assessing available liquidity, facilitating the orderly settlement of outstanding commitments, and promoting price discovery and overall market transparency and price stability. We are concerned, that without such information, the gap in informational resources between large market participants and smaller market participants will widen, and potentially could become a cause of inefficiency, instability and risk in the market (especially when market imbalances become acute). Providing more, rather than less, information to market participants can only assist in alleviating any such market imbalances, as they occur from time to time.

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

As set out in the answer to the previous question, the publication of the cotton on-call report facilitates market transparency and orderly markets, and helps to maintain a level playing field for all market participants, large and small, and regardless of position in the marketplace (e.g., producer, cooperative, spinning mill, trader, speculator, financial institution, etc.).

(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")?

No. Collecting the information set out on Part III of Form 304 for internal purposes, but not publishing it for the benefit of all market participants, does not serve any meaningful purpose.

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

No. Please refer to the answers to the previous questions.

Thank you for your consideration of our responses and comments.

We remain at your further disposal in the event that you should wish to discuss these matters further.

Very truly yours,

Glencore Agriculture B.V.

By: /s/ Matthew Weber

Name: Matthew Weber

Title: General Counsel