



May 15, 2020

Via Electronic Submission

Christopher Kirkpatrick  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, NW  
Washington, DC 20581

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

Dear Mr. Kirkpatrick:

Choice Cotton Company, Inc. submits this comment letter in response to the Commodity Futures Trading Commission's proposed rulemaking entitled "Positions Limits for Derivatives".

Choice Cotton supports the Commission's efforts to issue a final position limits rule. A final rule will provide certainty to firms like ours and the Commission's revisions to the bona fide hedging exemptions align more with how the cotton cash market operates and how we manage our business

Choice Cotton Company, Inc. is a farmer-owned corporation organized in 2012 to assist U.S. cotton producers with risk-management and marketing plans. The U.S. Cotton No. 2 (CT) contract is a critical ingredient of risk-management for every U.S. cotton producer.

**Risk Management Exemptions:** We support the Commission's elimination of risk management exemptions for banks because disproportionate positions in physical commodity-focused indexes can have significant, negative effects on futures market price discovery.

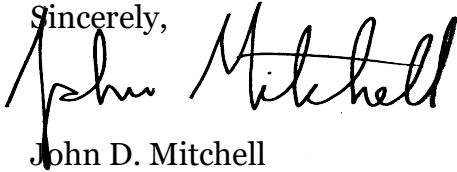
**Deliverable Supply:** We disagree with the Commission's acceptance of the deliverable supply estimates for the CT contract. Deliverable supply estimates should be considered in terms of a product's quality and its legitimate, logistical availability for delivery. The estimates included in the Proposal do not reflect the cotton industry's historical ability to deliver the physical commodity.

**Federal Limits:** We object to the proposed federal spot-month limit increase from 300 to 1,800 CT contracts and urges the Commission to maintain the current federal spot-month limit at 300 CT contracts. Moreover, we disagree with the Proposal's combination of the single-month limit with the all-months limit. The Commission should maintain its single-month limit, particularly for smaller markets like cotton, to prevent concentrated speculative activity in any single month, which would likely jeopardize convergence.

**Exchange Set Position Limits:** The appropriate level of volume and liquidity is necessary for the CT contract to play its vital role in the global cotton ecosystem. These factors should be taken into consideration before a revised exchange-set limit is established for the CT contract.

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.

Sincerely,

A handwritten signature in black ink that reads "John D. Mitchell". The signature is written in a cursive style with a large, prominent "J" and "M".

John D. Mitchell

President

Choice Cotton Company, Inc.

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