RANDOLPH DERMATOLOGY
AND MOHS MICROGRAPHIC SURGERY, LLC
DAVID J. NAJARIAN, M.D.
121 CENTER GROVE ROAD • RANDOLPH, NJ 07869 • 973-366-6303

Dear Commissioner Dunn,

As a 34 year old dermatologist, I am writing to protest the CFTC's recent push to impose energy futures positions limits. According to one article I recently read: ""No longer must we debate the issue of whether or not to set position limits," Gensler said during the second day of CFTC hearings on excessive speculation in the energy markets.""

Well, I totally disagree. What does he mean by "no longer must we debate." Gensler says this as if he is absolutely right and wants to deny others their freedom of speech.

I have read too much nonsense about how speculators are responsible for excess volatility and the high price of oil last year. Too many people calling for trading limits because of excess speculation. Too many people blaming index funds for the high price of oil last year.

First of all, why are you singling out the Energy market as an inappropriately volatile market? I've been trading in all sorts of markets since 1991, and with the exception of one day in 1987, I've never seen volatility in the stock market, bond market, and all sorts of commodity markets like I saw last year. Do we therefore also need to now blame speculators for excessive volatility in stock markets? Bond markets? How about other commodity markets? How do you even define "excessive?"

There is no good reason why the energy market should be picked on. In fact, there were very good reasons to have volatility and high prices in the energy market last year. Oil supplies were tight…the largest oil fields in the world are declining in production, yet demand was growing...especially from large economies like China . When it looked like the US housing market might fall apart, along with the rest of our economy, there was a great deal of economic uncertainty. Recall Ben Bernanke saying he doesn't see problems in subprime affecting the rest of our economy? Remember how suddenly we realized he was wrong? Remember how our economy, the largest consumer of oil, fell off a cliff suddenly? Are these not rational reasons to have had a very volatile market in energy (as well as stocks, bonds, and other commodities) last year?

Placing trading limits on energy futures to curb excess speculation (e.g. by those who don't take possession of the physical commodity) does not appear to be in the best interests of the industry. As far as I know of, there is no good evidence that anyone

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cornered the market, unfairly manipulating the price of oil for everyone else. If there was such evidence, then new rules surely would be needed. The fact is however, there is no such evidence put forward. In addition, there are good reasons to believe that in the absence of such inappropriate market manipulation the more speculation allowed the better. Why? Speculators do a great deal of research to uncover investment ideas. Some of that research is important and would never have been completed without lucrative incentives for speculators. For example, take a look at Matt Simmons book, "Twilight in the Desert." This book, written by an investment banker, is a masterpiece of fine, original research of the Saudi Oil fields that I doubt would ever have been written if purely financial speculators were not allowed to participate in the markets. Yet findings published in this book are truly important for anyone involved in Energy policy. The fact is, allowing speculators to participate in the energy markets leads to more research into the field's supply and demand dynamics…how can this be a bad thing? More research should lead to more appropriate prices over the long term. However, curbing the ability of speculators to make money from trading in energy futures could easily reduce the amount of research done in the field, decreasing the visibility of supply and demand trends, and thus lead to greater distortions of supply, demand, and prices in the future.

Finally, placing trading limits on energy futures by threatening the ability of index funds to invest in them is blatantly unfair to many Americans like myself. For example, I commute a long distance by car every day. Maybe I'd like to hedge against a possible rise in gas prices? How can I reasonably do that without investing in an index fund that invests in the energy futures markets? The fact is, index funds, ETNs, and ETFs that invest in energy futures are an important way that small investors can hedge themselves against a possible rise in the price of energy in the future. If I want to invest in oil, I should be able to. If I want to invest in gas, I should be able to. And so should all other Americans. These rights are especially important given the possibility that our government's monitary policy could decimate the value of paper money--leaving physical goods (like oil) as important store of value.

Sincerely yours,

David J. Najarian, MD

Hoboken , New Jersey

From: Leslie, Douglass
To: energyhearingcomments
cc: Holifield, Robert
Subject: FW: Position l mit legislation
Date: Thursday, August 13, 2009 4:17:24 PM

A comment for the hearing file.

From: REILLY, BRIAN [redacted]
Sent: Thursday, August 13, 2009 4:15 PM
To: Leslie, Douglass
Subject: Position limit legislation

Doug, pls forward to Gary Gensler. Thx,
Brian
Reilly
Dear Gary, I am an investment broker and have clients who own shares of the United States Natural Gas Fund (UNG). This Portfolio of natural gas contracts currently has about 400,000 nat. gas contracts in the current month and they do not leverage beyong the inherent leverage in the commodity market itself. It provides me and my clients to own and track natural gas without the risk of owning commodity contracts themselves which as you know have a finite life. This public security also provides the opportunity to do covered call writing to generate cash flow for those folks who wish to participate in that kind of program. I bring this to your attention because of the interest in your committee to put position limits on the energy and other commodity contracts particularly by hedge funds and other investors who are able to ramp up leverage beyond reason. I am in favor of limits that are truly in the public interest. I am concerned, however, that we may throw the baby out with the bath water if the cash based participants in these markets are knocked off their horses along with the aggressive over leveraged participants in the hedge fund arena. I am hoping that your committee will exercise caution when you create your limit rules and try not to hurt the public investors who are simply investing to achieve capital gains and generate cash flow. Thanks for listening. Sincerely, Brian Reilly

[redacted]

From: secretary
To: energyhearingcomments;
Subject: FW:
Date: Thursday, August 13, 2009 10:30:07 AM
Attachments: Commodity Markets Oversight Coalition.PDF

COMMODITY MARKETS OVERSIGHT COALITION

August 5, 2009

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
H-232 Capitol Building
Washington, DC 20515

The Honorable John Boehner
Minority Leader
U.S. House of Representatives
H-204 Capitol Building
Washington, DC 20515

The Honorable Harry Reid
Majority Leader
United States Senate
S-221 Capitol Building
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
S-230 Capitol Building
Washington, DC 20510:

A CALL FOR MEANINGFUL REFORM OF COMMODITIES TRADING

Dear Congressional Leaders:

The undersigned organizations, representing business, industry and consumer interests vital to the United States economy, urge you to take swift and meaningful action to improve federal oversight and transparency and to address regulatory inadequacies in the commodities markets. Our organizations and the public in general have lost confidence in these markets due to extreme price volatility, unwarranted price spikes and excessive speculation. It is time to restore confidence, stability and transparency in these markets.

This letter is a follow-up to our June 3, 2009 letter regarding needed reforms, which we have attached for your convenience. We now wish to take the opportunity to address some of the arguments being made by opponents of reform - namely, the financial services industry.

The CFTC Needs the Tools to Regulate

Today, the Commodity Futures Trading Commission (CFTC) will wrap up a series of hearings examining the use of its statutory authority to set limits on the size of positions that individual traders may take in the market, as well as who may receive exemptions from such limits. We commend Chairman Gensler and his fellow Commissioners for these hearings and for their commitment to greater transparency, accountability and oversight in the commodity markets. These hearings have brought to light some startling information.

For example, on the NYMEX, where only energy "accountability" limits exist (as opposed to hard limits that exist for agricultural commodities), 70 traders have held positions exceeding these limits – by as much as two to three times these limits - in the past 12 months for contracts such as crude oil, natural gas, heating oil and gasoline, and faced no disciplinary action. Commissioner Bart Chilton likened accountability limits to "suggested speed limits on a dark, desert highway." We are pleased the CFTC is looking into this issue.

Coalition Contact:
Jim Collura, New England Fuel Institute
jimcollura@nefi.com *or* (202) 584-0160

Furthermore, this information was made available only because the NYMEX is largely a transparent, regulated exchange. Most trading activity is conducted off-exchange, where the CFTC will require additional authorities from Congress in order to carry out its mandate to protect the American public from manipulation, excessive speculation and abusive trading activities. Many of its authorities over these markets were stripped by the Commodity Futures Modernization Act of 2000. Congress needs to restore these authorities and deliberate on whether additional authorities are needed. **We urge you to do so immediately following your return from the August Congressional recess.**

Many in the financial services industry strongly oppose meaningful reform. The reason is obvious. Aided by deregulation and lack of federal supervision, they have been able to transform the derivatives markets, from a tool used by commercial participants with a need to hedge against the risk of rising and falling commodities prices, into a method to invest in consumable commodities as an asset class and a currency hedge. This ensuing domination by financial speculators has undermined the commodity markets' function as a hedging and price discovery tool for commercial industry and end-users. **These markets were not designed as financial markets, they were designed for commodities hedging and price discovery <u>and we urge that they be restored to this original purpose</u>.**

Speculators Should Not Dominate the Markets

We recognize the role that speculators play in providing the *necessary* liquidity in order for commodity producers, distributors, processors and end-users to manage risk. However, when speculators are allowed to dominate the markets (i.e., *excessive* speculation) it undermines risk management for physical market participants. Excessive speculation distorts the ability of industry and end-users to determine a price for commodities based on supply and demand. The commodities bubble of 2008 contributed to the financial collapse we experienced in the fall. Another commodities bubble would stall or even kill any anticipated economic recovery.

Many opponents of reform outright oppose limits on speculation and argue that there can never be such a thing as *excessive* speculation. They held true to this belief, even as – despite the lack of correlating fundamentals - crude oil skyrocketed from $68 in January 2008 to $147 that July and $33 in December 2008 to $72 this June. They have claimed that such price spikes are a result of investor need to use commodities as a hedge against a devalued dollar. **Congress should not allow the financial services industry to use consumable commodities, that are a basis for our national security and economic welfare, as a hedge against fluctuations in the value of the dollar.** Such hedging artificially skews the supply and demand picture. The resulting price volatility and unanticipated spikes cause harm to American industry, struggling businesses and consumers at the pump.

Investors should use products other than oil, natural gas or food in order to hedge against inflation, such as precious metals or the foreign currencies markets. The currency markets are more efficient, liquid and much less costly for investors. Furthermore, we grow increasingly concerned about the role being played by exchange traded funds (ETFs) and exchange traded notes (ETNs). We believe Congress should be concerned as well and should continue to look into this issue.

Overall, we feel that investors that are unwilling to behave like traditional speculators, trade openly on regulated exchanges, play by the rules and report all trading data to the CFTC should not be playing in these markets and **gambling with the American economy**.

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The Threat of Moving to Off-Shore Markets is a "Scare Tactic"

The financial services industry also continues to claim that if Congress and the CFTC impose strong reform of these markets, then investors will just move their activity overseas to take advantage of regulatory arbitrage. This is not a reason against action; it is a reason for even stronger and more comprehensive action. The CFTC will need adequate authorities from Congress, and will need to cooperate even more closely with overseas regulators. We are already seeing signs of cooperation between U.S. and overseas policymakers and regulators, including several European Union leaders. Even the G8 earlier this month made a strong statement when it ordered the International Monetary Fund, the International Organization of Securities Commissions and the International Energy Agency to coordinate on commodity market surveillance and hopefully, the drafting of new regulation.

Congress should also work with the CFTC to tighten existing rules regarding foreign boards of trade. In order to allow for an exchange to trade in U.S.-destined commodities or allow U.S. access to their trading platforms without federal oversight, the Congress and the CFTC should require the presence of foreign regulators with a comparable regulatory regime. The CFTC should also review all existing no action letters and withdraw them as necessary, including those given to foreign exchanges run by U.S. firms (e.g., Atlanta-based ICE runs an exchange in London and the Dubai Exchange is in part owned by the NYMEX). **If abusive activity is to flee elsewhere because of meaningful reform, then it is the responsibility of Congress and the CFTC to ensure that foreign markets are not allowed to compete unfairly with U.S. markets.**

Let us not forget that the American marketplace is the most sought after trading venue in the world. With so many foreign entities seeking counterparties in the United States, it is difficult to conceive of any firm wanting to do business elsewhere. Further, any contract with cash-settlement or physical delivery on American soil is under American jurisdiction. It is hard to imagine why *bona-fide* hedgers and large financial interests would even consider leaving the security and liquidity of the American marketplace to trade in an overseas market where they are exposed to uncertain counter-party risk.

"Dark Market" Trading is a National Security Risk

Additionally, Congress should be concerned about the national security risks posed by inaction. Dennis Blair, the Director of National Intelligence, has determined political instability caused by the global economic crisis to be the chief U.S. national security threat. Financial services industry deregulation and the lack of supervision over energy derivative markets have been recognized as triggers of that economic crisis. Insufficient regulation of global cash flows and investments presents a real challenge not only for economic recovery, but for stability and security of U.S. commodity markets.

The opaque nature of so many market participants, activities, products and environments provides more than just an easy opportunity for excessive speculation and potential manipulation. We fear that foreign persons, entities and governments unfriendly to the United States and its allies may take advantage of the "dark" nature of these markets in order to undermine our economies and commit commodity-trading-based sabotage. This issue was brought up briefly during last year in the Senate Committee on Homeland Security, and it should be examined more thoroughly. **Appropriate committees in Congress should thoroughly investigate foreign investment in the commodities markets and take all appropriate action.**

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Jim Collura, New England Fuel Institute
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Congress Must Act Now

Our organizations again urge swift and comprehensive action in order to reform these markets. We urge members of Congress not to be dissuaded or distracted by the "scare tactics" of those in the financial services industry that are profiting from the status quo. Further, we encourage Congress to ignore calls for "watered down" legislation that is less than what is needed to bring real reform to these markets, including the recent proposal by the New Democrats.

We recognize that in requiring that opaque market activity move onto transparent and regulated exchanges, there may be some disagreement as to the appropriate way to deal with customized over-the-counter (OTC) derivative contracts that some commercial interests rely on to hedge. Congress should work with *bona-fide* commercial hedgers that require such products in order to find a solution, while also taking care not to create any new "loopholes" for non-commercial interests to exploit. This issue should not delay strong action and this coalition supports the Obama administration's efforts to extend CFTC authority to the OTC markets.

Again, we are prepared to meet with you and your staff regarding these issues. Thank you again for your consideration.

Sincerely,

Agricultural Retailers Association
Air Transport Association
American Trucking Associations
California Independent Oil Marketers Association
Consumer Federation of America
Consumer Watchdog
Food & Water Watch
Florida Petroleum Marketers & Convenience Store Association
Friends of the Earth US
Fuel Merchants Association of New Jersey
Gasoline and Automotive Services Dealers of America
Grassroots International
Illinois Association of Convenience Stores
Illinois Petroleum Marketers Association
Independent Connecticut Petroleum Association
Independent Oil Marketers Association of New England
Industrial Energy Consumers of America
The Institute for Agriculture and Trade Policy
Louisiana Oil Marketers & Convenience Store Association
Maine Oil Dealers Association
Maryknoll Office for Global Concerns
Massachusetts Oilheat Council
Michigan Petroleum Association
Michigan Association of Convenience Stores
Mid-Atlantic Petroleum Distributors' Association
Missionary Oblates

Coalition Contact:
Jim Collura, New England Fuel Institute
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Municipal Gas Systems of Oklahoma
National Association of Truck Stop Operators
National Family Farm Coalition
National Farmers Union
National Latino Farmers & Ranchers Trade Association
Nebraska Petroleum Marketers & Convenience Store Association
New England Fuel Institute
New Jersey Citizen Action Oil Group
New Mexico Petroleum Marketers Association
New York Oil Heating Association
Ohio Petroleum Marketers & Convenience Store Association
Oilheat Council of New Hampshire
Oil Heat Institute of Long Island
Oil Heat Institute of Rhode Island
The Organization for Competitive Markets
Petroleum Marketers Association of America
Petroleum Marketers & Convenience Stores of Iowa
Propane Gas Association of New England
Public Citizen
Public Power Association of New Jersey
R-CALF USA
Tennessee Oil Marketers Association
United Egg Producers
Utah Petroleum Marketers and Retailers Association
Western Peanut Growers
Vermont Fuel Dealers Association

cc: All Members of the United States House of Representatives
All Members of the United States Senate
The Honorable Gary Gensler, Chairman, Commodity Futures Trading Commission
The Honorable Michael Dunn, Commissioner, Commodity Futures Trading Commission
The Honorable Jill E. Sommers, Commissioner, Commodity Futures Trading Commission
The Honorable Bart Chilton, Commissioner, Commodity Futures Trading Commission

COMMODITY MARKETS OVERSIGHT COALITION

June 3, 2009

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
H-232 Capitol Building
Washington, DC 20515

The Honorable John Boehner
Minority Leader
U.S. House of Representatives
H-204 Capitol Building
Washington, DC 20515

The Honorable Harry Reid
Majority Leader
United States Senate
S-221 Capitol Building
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
S-230 Capitol Building
Washington, DC 20510

Dear Congressional Leaders:

Members of this coalition remain concerned that inadequate oversight of the commodities markets and excessive speculation will continue to erode public confidence in the ability of these markets to establish fair prices for energy, agricultural products and other commodities that are reflective of market fundamentals. **We urge Congress to act decisively to bring full transparency to all trading environments and platforms, to prevent excessive speculation, and to close the door to potential manipulation.**

2008 saw the most dramatic rise in commodities prices in history, resulting in inflated costs for energy and consumer goods in the United States. Internationally, millions of people were suddenly unable to feed themselves due to rising food commodity costs. Congressional hearings and reports revealed that inadequate or non-existent oversight of off-shore and over-the-counter (OTC) markets, ineffective oversight of on-exchange participants and activity, and an under-funded and under-staffed Commodity Futures Trading Commission (CFTC) had opened-the-door to excessive speculation and opaque trading activity. Additionally, members of this coalition voiced growing concern that passively-managed index funds, exchange-traded funds and actively traded hedge funds, swaps and derivatives were turning our commodity markets into a highly volatile "asset class."

We again urge the Congress to pass strong new legislation to restore our confidence in these markets as a risk management and price discovery tool for *bona-fide* commercial players.

Congress has taken some positive steps in the right direction, including last year's CFTC Reauthorization Act, which returns to the CFTC some authority over exempt commercial markets it had lost under the "Enron Loophole" in 2000. Appropriators have steadily increased CFTC funding levels in recent years to allow for much-needed staff, resources, and technology investments and we commend the President's FY2010 budget request of $161 million. We commend the Senate for swift consideration of CFTC nominees, including the recently-confirmed Chairman Gary Gensler. We are also pleased that on May 13, 2009, President Obama announced his support for full transparency, accountability and oversight in the OTC markets.

Coalition Contact:
Jim Collura, New England Fuel Institute
Jimcollura@nefi.com or (202) 584-0160

But absent strong and sweeping reform, we will continue to witness extreme price volatility and excessive speculation. Trading will continue to grow in "dark" or unregulated markets and investment speculators will continue to elude federal oversight, data reporting requirements and position limits. Families, businesses, farmers and laborers at home and abroad will continue to "pay the price" in many ways, including volatile and unpredictable energy, food and raw materials prices; impeding economic growth, development, investment, and job creation.

Therefore, we urge Congress to work swiftly and approve legislation that will:

- **Address market activity for *all* commodities**, including energy, agriculture, livestock and metals;
- **Fully close the "Enron Loophole"** by requiring that large over-the-counter trades comply with data reporting requirements and are made subject to speculative position limits;
- **Close the so-called "Foreign Markets Loophole"** or "London Loophole" by requiring the presence of foreign regulators with comparable oversight in order for an off-shore exchange to obtain regulatory exemptions (i.e., no-action letters);
- **Close the "Swaps Loophole"** by limiting hedging exemptions to *bona-fide* commercial participants and requiring that swap traders, index funds and institutional investors comply with all CFTC speculation limits and data reporting requirements;
- **Limit exchange traded fund** investments in physical commodities and their derivatives;
- **Require across-the-board aggregate speculation limits** to prevent traders from taking a controlling position in a commodity by taking large positions on multiple platforms;
- **Require the CFTC to review all current regulatory exemptions** and require Commissioners to withdraw them as appropriate or in accordance with existing or new authorities granted by Congress;
- **Require a thorough review of all new and existing rules and regulations** designed to protect market users and the public from fraud, manipulation and excessive speculation, including position limits, margin requirements, data reporting requirements, and public availability of data; and
- **Require a thorough review of emerging environmental markets**, emissions trading and related Wall Street products and instruments, including derivatives, index funds and exchange traded funds.

The ability to determine a fair price for commodities based on market fundamentals is vital to the success of recent efforts to address energy security, climate change, and the needs of the poor, low income and unemployed. It is essential to the welfare of farmers, truckers, laborers and small businesses, to new job growth and to the overall recovery of an economy that has been wounded by insufficient transparency and oversight of the financial services industry.

In recent weeks, energy commodities including natural gas, crude oil and refined petroleum products have been trading substantially higher despite record inventories and low demand. Internationally, some predict a tight food commodity market in the year ahead. According to a recent Barclays Capital survey, 79 percent of investors plan to increase holdings in these markets. Congress must do its part to help prevent another speculator-driven run-up in energy, agriculture, and other vital commodities.

Coalition Contact:
Jim Collura, New England Fuel Institute
Jimcollura@nefi.com or (202) 584-0160

In both chambers of Congress, several bills have been introduced to address the issues discussed in this letter. It is our hope that members can work out their differences and, working with members of this coalition, move forward to pass strong and comprehensive legislation, put an end to excessive speculation and "dark market" trading, and restore confidence in our commodity markets.

Thank you for your consideration.

Sincerely,

Agricultural Missions, Inc.
Agricultural Retailers Association
Air Transport Association
American Association of Crop Insurers
American Cotton Exporters Association
American Cotton Shippers Association
American Public Gas Association
American Trucking Associations
Arkansas Oil Marketers Association
Atlantic Cotton Association
California Black Farmers and Agriculturalists Association
Caney Fork Headwaters Association
Colorado Wyoming Petroleum Marketers Association
Columban Center for Advocacy and Outreach
Congregation of Holy Cross
Consumer Federation of America
Consumer Watchdog
Cumberland Countians for Peace & Justice
Family Farm Defenders
Florida Petroleum Marketers and Convenience Store Association
Food & Water Watch
Friends of the Earth US
Fuel Merchants Association of New Jersey
Gasoline & Automotive Service Dealer's of America
Grassroots International
Holy Cross International Justice Office
Illinois Association of Convenience Stores
Illinois Petroleum Marketers Association
Industrial Energy Consumers of America
Independent Oil Marketers Association of New England
Institute for Agriculture and Trade Policy
Justice and Witness Ministries, United Church of Christ
Louisiana Oil Marketers & Convenience Store Assn.
Maine Oil Dealers Association
Maryknoll Office for Global Concerns
Massachusetts Oilheat Council
Mid-Atlantic Petroleum Distributors Association
Missionary Society of St. Columban

Coalition Contact:
Jim Collura, New England Fuel Institute
jimcollura@nefi.com or (202) 584-0160

Montana Petroleum Marketers Association
National Association of Convenience Stores
National Association of Oil Heat Service Managers
National Association of Truck Stop Operators
National Catholic Rural Life Conference
National Family Farm Coalition
National Farmers Union
National Latino Farmers & Ranchers Trade Association
Nebraska Petroleum Marketers & Convenience Store Association
Network for Environmental & Economic Responsibility, United Church of Christ
New England Fuel Institute
New Jersey Citizen Action Oil Group
New Mexico Petroleum Marketers Association
New Rules for Global Finance
New York Oil Heating Association
Ohio Petroleum Marketers & Convenience Store Association
Oil Heat Council of New Hampshire
Oil Heat Institute of Long Island
Oil Heat Institute of Rhode Island
Petroleum Marketers Association of America
Petroleum and Convenience Marketers of Alabama
Petroleum Marketers and Convenience Store Association of Kansas
Petroleum Marketers and Convenience Stores of Iowa
Platform ABC (Earth, Farmer, Consumer), Netherlands
Public Citizen
Quixote Center
Ranchers-Cattlemen Legal Action Fund / R-CALF USA
Rural Coalition/Coalición Rural
Sisters of the Holy Cross Congregation Justice Committee
Sisters of Notre Dame de Namur Justice and Peace Network
Society of Independent Gasoline Marketers of America
Southern Cotton Association
Texas Cotton Association
United Egg Association
United Egg Producers
Utah Petroleum Marketers and Retailers Association
Vermont Fuel Dealers Association
West Virginia Oil Marketers and Grocers Association
Western Cotton Shippers Association
Western Peanut Growers Association
Wisconsin Crop Production Association
World Cotton Exporters Association

cc: All members of the United States House of Representatives and the United States Senate
The Honorable Gary Gensler, Chairman, Commodity Futures Trading Commission
The Honorable Michael Dunn, Commissioner, Commodity Futures Trading Commission
The Honorable Walter Lukken, Commissioner, Commodity Futures Trading Commission
The Honorable Jill E. Sommers, Commissioner, Commodity Futures Trading Commission
The Honorable Bart Chilton, Commissioner, Commodity Futures Trading Commission

From: danidavidi
To: energyhearingcomments;
Subject: energy hearing comments
Date: Wednesday, August 12, 2009 11:45:47 PM

Dear Sir

To allow fair free market trading, all changes must include the short side as well. Regulating the funds which buy on behalf of many individuals and not regulating the big traders on the short side is to increase market distortions which have led to this crisis to begin.

And gold and silver markets should be looked at as well as these are the most rigged market in the US. Just look at the 75% of the net shorts in silver are concentrated with 2 US banks. One of the biggest manipulation in history is happening in front of your regulating eyes with no interference.

Hope you will do the right thing for the little guy which needs your protection and not for the huge banks.
Dani Davidi
[redacted]

From: Ross Pellegrino
To: energyhearingcomments;
Subject: Dear CFTC Commissioners
Date: Wednesday, August 12, 2009 10:54:26 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here: http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here: http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

The danger in massive short positions artificially suppress prices, thus, making them even more scarce as at such low prices. In fact, artificially suppressing prices is actually more dangerous to scares resources such as gold and silver.

Thanks for your consideration,

Ross Pellegrino
[redacted]

From: Dwight Freeman
To: energyhearingcomments;
Subject: Uniform application of Speculative Limits to include Gold and Silver Trading
Date: Wednesday, August 12, 2009 10:39:55 PM

Dear Chairman Gensler, Thank you for the opportunity to contact you regarding this issue. I am an 80 yr old retired physician whose IRA was decimated one year ago and who is now trying to regain some lost ground. I, among others believe precious metals are a good investment as we enter unsure economic conditions followig the collapse of one year ago. My efforts have been thwarted along with those of many other investors to say nothing of miners losing jobs, mines closing, etc., by the manipulation of the gold and silver prices seemingly by HSBC-USA and JPMorgan, respectively.using ovefwhelming short positions. The details have been presented to you by others far more knowledgeble than mysellf but I can tell you from personal bitter experience the hopeless fury I feel when time after time as the prices go up and they feel they have enough longs in the trap they drop the price to whatever it takes, within minutes of the opening of the Comex, gold and silver in tandem. It is done with no attempt to disguise this illegal activity so that one is forced to suspect that the fix must be in. Since the dollar competes with precious metals as the refuge in uncertain times, crippling its competetor my seem a plausible course, (if one were of a suspicious mind), for some agencies of the Government. Please use all the power at your disposal to investigate this and correct it by whatever means the Law allows. thanking you in advance for your efforts, I am, Dwight W. Freeman< M.D. (Ret)

From: enoriega1[redacted]
To: energyhearingcomments;
Subject: Comex Silver Futures Market
Date: Wednesday, August 12, 2009 10:26:34 PM

August 10, 2009

Chairman Gensler,

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities
of finite supply. The hearings you conducted were of great public service.
I will confine my comments to one market
– the COMEX silver futures market.

I have excerpted the following passages from your opening statement of August 5th. You said:

"I believe that position limits should be consistently applied across markets for physical commodities of finite
supply."

"..., I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated."

"The very important question becomes: how much concentration is too much? At what point of market concentration
does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half
the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by
promoting more market participants rather than having one party that has so much concentration so as to decrease
liquidity."

According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for
positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to
meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and
imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total
net futures open interest. That same calculation indicates the net short

position of the four largest traders exceeds
66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any
other market for physical commodities.

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose
legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as
you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months
combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits
consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total
open interest, would dictate that the Commission impose a speculative position limit of no more than 1500
contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or
consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to
guard against excessive speculation on the long side, commodity law requires you to guard against excessive
speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a
manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by
establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any
exemption to that limit to the actual producers and consumers of the metal.

[redacted]

From: Orlando Almodovar
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 10:13:02 PM

Greetings - I ask that you address the concerns raised by Mr. Ted Butler in your hearings as they relate to the precious metal Silver and Gold. I also ask that you consider the position of Jeffrey Christian at CPM Group as well. I ask that you make these debates and results public and seek to obtain the attention of the media so that the populace may learn of the issues with more ease, and all walks of life are alerted as opposed to only the astuste observers. Lastly it has been a belief that JP Morgan Chase is the exchange in regards to Silver and holds a large short position as a market maker - please consider debunking this perspective. I saw some comments from the recent hearings that JP Morgan and Goldman Sachs feel only the end user should be subject to position limits and find this very troubling. The large short position transferred from Bear Stearns to JP Morgan Chase is also troubling - look into this as well! Many Thanks - I pray justice is served.

Orlando Almodovar - at present I hold no investment in Silver but plan to open one.

From: bradrenfrow[redacted]
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 9:53:03 PM

Chairman Gensler,
Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.
I have excerpted the following passages from your opening statement of August 5th. You said:
"I believe that position limits should be consistently applied across markets for physical commodities of finite supply."
"..., I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated."
"The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity."
According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After publish ed non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.
The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest,

would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.
I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.
I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on t he long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.

Brad Renfrow

From: tayl2229[redacted]
To: energyhearingcomments;
Subject: Position Limits in the Commodity Futures Markets
Date: Wednesday, August 12, 2009 9:42:09 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Matt Taylor
[redacted]

From:	fpbel[redacted]
To:	energyhearingcomments;
Subject:	energy hearing comments
Date:	Wednesday, August 12, 2009 9:25:40 PM

GENTLEMAN:

Any limits you put on trading must be applied equally to short sellers. Most of the time I read about decisions made by CFTC your position is subjective and your committee should be impartial. Your job is to protect the PUBLIC, i THINK THISW IS PART OF YOIUR OATH.

Frank

From: luke k
To: energyhearingcomments;
Subject: CFTC
Date: Wednesday, August 12, 2009 9:06:13 PM

markets are exactly that. markets. unless of course, they are not. that means allowing all participants, regardless of size to vote with their feet and savings. to the thought that the CFTC may ban retail investor access to funds with large position sizing, i direct their attention to the COMEX, allowing 2 major investment banks to short more physical silver on paper than the globe produces in a year, or to ban anyone to do business again with the COMEX if they take physical delivery of the contract they hold in the futures market; which was designed initially to facilitate. it is fraud and anyone informed knows it.

no advantages or special exception rules on position sizing for anyone, regardless, is the market we must return to. if not, history points to violent civil unrest when a populous cannot protect itself with these types of options. be wise gentlemen.

From: Frank S
To: energyhearingcomments;
Subject: position limits in the commodity futures markets
Date: Wednesday, August 12, 2009 8:56:25 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Frank Solway
[redacted]

From: Orville Stifel
To: energyhearingcomments;
Subject: ENERGY HEARING COMMENTS
Date: Wednesday, August 12, 2009 8:45:22 PM

It is important for the Commission to put an end to manipulation of the precious metal markets via concentrated naked short selling conducted by the bullion banks. I urge you to heed the comments of Ted Butler and Adrian Douglas.

Orville E. Stifel, II
Orville E. Stifel, II, Co., LPA
[redacted]

From: JB Williams
To: energyhearingcomments;
Subject: Position Limits - Esp Silver Market...it has gone on for too long
Date: Wednesday, August 12, 2009 8:39:15 PM

CFTC

Please enforce position limits in the commodity markets...especially the silver market. This tiny market has been manipulated by 4 commercial investment banks for way too long.

It has hurt price discovery and taken money out of the hands of honest, rule/law abiding investors.

Sincerely,

JB Williams

From: John W. Upson
To: energyhearingcomments;
Subject: Comments regarding commodities futures position limits
Date: Wednesday, August 12, 2009 7:39:44 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

John Upson
[redacted]

From: Rick Quataert
To: energyhearingcomments;
Subject: Position Limits
Date: Wednesday, August 12, 2009 7:38:46 PM

Dear CFTC Commissioners:
In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:
http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:
http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.
Thanks for your consideration.

Richard Quataert
[redacted]

From: Diana and Harold
To: energyhearingcomments;
Subject: enforcement of position limits in the futures markets
Date: Wednesday, August 12, 2009 7:35:15 PM

Please heed the comments sent to the commission by Ted Butler and GATA board member Adrian Douglas.

From: zukor321[redacted]
To: energyhearingcomments;
Subject: Short Limits
Date: Wednesday, August 12, 2009 7:19:57 PM

Consider this letter to be an ORDER NOT a request. THE people are on to you, all of you. If you want to keep you jobs it would be in your selfish interest to right the ship of state.

THE

MESSENGER

From:	Jeff Rosenberg
To:	energyhearingcomments;
Subject:	short position limits
Date:	Wednesday, August 12, 2009 7:03:46 PM

large short positions = market manipulation ... it has happened many times ... please limit the size of short positions any person or entity can have to a few percent of the market ... bring back "free" markets

jeff rosenberg
[redacted]

From: Mark Gore
To: energyhearingcomments;
Subject: CFTC should bar manipulation by shorts not just longs
Date: Wednesday, August 12, 2009 6:49:45 PM

Dear Chairman Gensler:

Your hearings on position limits in the commodity futures markets have presupposed that the issue is speculation on the long side. You will not correctly regulate markets if your inquiries and hearings are being conducted from the conclusion you want to make and then work backwards.

The fundamental problem is not with finite resources but with infinite production of dollars. You are turning a blind eye to the manipulation of markets on the short side (and the massive OTC derivatives markets) that is undertaken to mask the uncontrolled creation of fiat dollars backed by nothing.

The price suppression is rampant and is making finite commodities even more finite as it becomes uneconomic to produce them. The paper promises to supply commodities from stocks that do not exist suppresses prices.

The CFTC has been investigating price manipulation in silver and gold for almost a year. The manipulators here will be drawing a pension before you recognize manipulation. Meanwhile the U.S. Senate can apparently recognize long-side manipulation of wheat and even crude oil in a flash.

Why have your hearings focused on how oil rose to $147 per barrel and not equally how it fell to $35 per barrel and how the dollar made a magnificent rise in the middle of a credit crisis, a feat never before achieved?

Federal Reserve Chairman Ben Bernanke testified in response to U.S. Rep. Alan Grayson that the rise in the dollar was a total coincidence even though it occurred even as half a trillion dollars of currency swaps were executed with foreign central banks. Really? And was it an equal coincidence that as a result of the dollar's rising from the dead the entire commodity complex cratered, including the most time-honored safe-haven asset, gold?

Any limits you put on trading must be applied equally to short sellers. But the CFTC's investigation needs to dig into how markets are being manipulated at the behest the U.S. government to maintain dollar hegemony so that imports can be purchased for free and so the United States doesn't have to compete in the global marketplace to manufacture anything anymore except a torrent of greenbacks.

My guess is that you will aid and abet the continuation of this Ponzi scheme because that is so much easier than doing what is right and what you are paid to do as a servant of the American people.

Regards

Mark Gore

From: bruce zeitlin
To: energyhearingcomments;
Subject: Gold and silver
Date: Wednesday, August 12, 2009 6:27:12 PM

Dear Sirs:

I am sure there are some people who wrote in must explain how they could read huge manipulation of gold and silver prices on Comex. So I would not bring it up. The facts are crystal clear. I currently live in Europe and it is almost musing to see how gold and silver prices tank as soon as the NY market open. It is as if synchronized. I understand that you have been denying those apparent facts and this must have some political reasons. I would like to bring the fact that all Asian countries are watching you how you have been ignoring . Your decision to let this rigging carrying on would be backfired someday

Regards,

A. Teratani

From: A Marsiglia Jr
To: energyhearingcomments;
Subject: POSITION LIMITS - COMMODITIES FUTURES MARKETS
Date: Wednesday, August 12, 2009 6:23:12 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Antonio Marsiglia Jr
[redacted]

From: Joe Knipp
To: energyhearingcomments;
Subject: Position Limits
Date: Wednesday, August 12, 2009 6:21:33 PM

Dear CFTC Commissioners:

I'm very glad that you are actively holding hearings on this very very important subject, and that you're taking public comments on it also.

However, please understand that limiting position limits is a great idea, but you must enforce it completely on both the long-side and especially the short-side. There should be NO EXCEPTIONS and NO EXCLUSIONS to this rule.

The manipulation that is allowed to happen in the Silver & Gold markets is frankly, a disgrace to commodity law. It is not at all uncommon to see four or fewer banks holding 70% or more of the short interest in Silver. An interest of this size (short or long) is clearly price manipulation... in this case, manipulation of prices to the downside. Regulators seem to turn a blind eye to this illegal practice, resulting in the financial harm to the small investor. If the markets were free and fair, no one would be allowed to hold such massive short positions in this very strategic commodity.

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Joe Knipp

From:	Carolyn Strickland
To:	energyhearingcomments;
Subject:	Public comment about position limits
Date:	Wednesday, August 12, 2009 6:19:16 PM

Dear CFTC Commissioners:

Thank you for asking for public comment about position limits on futures contracts.

While I am concerned about the possibility of excess concentration and manipulation in energy markets, I think the situation in the silver market is much more immediately problematic for the integrity of the futures markets.

1. Please reduce position limits for silver futures to a fraction of the current 6000 contracts.

2. Please apply the limits to short positions, as well as to long positions, because that is where the current problem exists.

3. Please stop granting exceptions to groups (such as investment banks) which are not directly involved in the physical silver markets as either miners or users.

Thanks for your consideration.

Carolyn D. Strickland
[redacted]

From: Bob Sailing
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 5:52:48 PM

Commissioners,

I am urging the Commission to heed the comments sent to the Commission by Ted Butler and GATA board member Adrian Douglas regarding "Speculative Position Limits in Futures Markets".

I thank you in advance for you consideration of this request.

Best regards,

Bob Baumann
[redacted]

[redacted]

From: Gibbs, Ike - Communication of Counsel (Exchange)
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 5:48:58 PM
Attachments: Comments following hearings position limits and hedge exemptions final.pdf

Attached are JPMorgan Chase & Co.'s comments on the above-referenced matter.

Ike Gibbs | Executive Director - Compliance Director & Asst. General Counsel | Global Commodities | **J. P. Morgan** | 700 Louisiana Street, Suite 1000, Houston, Texas 77002
T: 713-236-3322 | F: 713-574-4882| ike.gibbs@jpmorgan.com | jpmorgan.com

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[redacted]

COMMENTS OF JPMORGAN CHASE & CO.

REGARDING HEARINGS ON POSITION LIMITS AND HEDGE EXEMPTIONS IN ENERGY MARKETS

JPMorgan Chase & Co. ("JPMorgan") appreciates the opportunity to submit these comments regarding the Commodity Futures Trading Commission's ("Commission") hearings on July 28 and 29, and August 5, 2009, regarding the application of position limits and hedge exemptions in energy markets. As noted in the testimony submitted by Blythe Masters prior to the July 29, 2009 hearing, JPMorgan believes the application of position limits and exemptions to those limits are important to the proper functioning of commodities markets.

JPMorgan found each of the hearings to be enlightening and to provide useful information about the issue of position limits and hedge exemptions. JPMorgan limits these comments to highlight statistical data cited by Congressman Bart Stupak in his comments submitted prior to the hearing on July 28, 2009, and to compare those comments with the Commission's "Staff Report on Commodity Swap Dealers & Index Traders with Commission Recommendations," issued by the Commission on September 11, 2008 (the "Report").

Issue 1: The Increase in the Net Notional Value of Index Investments between January 1, 2008 and June 30, 2008

In his written comments, Congressman Stupak stated that "according to CFTC data, from January 2008 through the end of June 2008, index investors poured $55 billion into major commodity indexes, pushing the price of crude oil from $99 per barrel to $140 per barrel. Gasoline prices spiked to a national average of more than $4 a gallon, with prices reaching more than $5 a gallon in some regions of the country."[1] This statement is inconsistent with the conclusions presented by Commission staff in the Report.

In the Report, Commission staff noted that the net notional value of index investments increased from $146 billion to $200 billion between January 1, 2008 and June 30, 2008.[2] However, this increase was not the direct result of increased investment in commodity indices. For example, in discussing the increase of the NYMEX Crude Oil – Index Notional Value, Commission staff states that while the net notional value of commodity index business in NYMEX WTI crude oil increased by about 30 percent during this period, the "actual numbers of equivalent long futures contracts declined over that same period by about 11 percent" and that "the sharp rise in the net notional value of commodity index business in crude oil futures appears to be due to an appreciation of the value of existing investments caused by the rise in crude oil prices and not the result of more money flowing into commodity index trading."[3]

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[1] Congressman Stupak Comments, p. 2.
[2] Report, p. 3.
[3] *Id.*, p. 22-23. See also p. 4.

Issue 2: The Amount of Net Long Positions Held in Crude Oil

In his written comments, Congressman Stupak stated "this chart shows that speculators, such as banks and hedge funds, held…75 percent of the West Texas Intermediate crude oil market [on June 30, 2008]. Physical hedgers and middlemen took a much smaller share..."[4] The "chart" referenced by Congressman Stupak is a chart that entitled "Long Positions Held in OTC." The chart depicts long positions held in crude oil by three types of entities: (1) Speculators; (2) Commodity Brokers/Middlemen; and (3) Physical Hedgers.

The Report provides specific data about two types of trading that appear to be covered by Congressman Stupak's general "Speculator" category. The first type of trading is index trading. With respect to index trading, Commission staff stated "the total notional value of futures and options open contracts on June 30, 2008 for NYMEX crude oil $405 billion - the $51 billion net notional index value was approximately 13 percent of the total."[5] The second type of trading is trading by swap dealers with non-commercial entities.[6] Commission staff stated that "noncommercial client counterparties [of swap dealers] held about 41 percent of the estimated futures contract equivalents on the long side and about 31 percent on the short side."[7] However, Commission staff notes that a portion of the net notional value of 10 percent "includes the sum of the noncommercials identified as single-commodity swap counterparties and *all of the dealer's commodity index clients*."[8] Even allowing for the potential for double counting certain net long positions held by index investors by combining the two referenced data points in the Report, the combined net notional value held by non-commercial entities was 23 percent. It is unclear what constitutes the remaining 52 percent of the "Speculator" category described by Congressman Stupak.

[4] Congressman Stupak Comments, p. 3.
[5] Report, p. 4.
[6] JPMorgan assumes that a swap dealer's positions with a commercial entity would be included in the category labeled by Congressman Stupak as "Physical Hedgers."
[7] Report, p. 23.
[8] *Id.*, p. 23.

From: nkbmab[redacted]
To: energyhearingcomments;
Subject: Position limits
Date: Wednesday, August 12, 2009 5:46:03 PM

Dear Commissioners,

Limits on positions should be implemented, without exceptions, especially for silver where short positions are disproportionately, even irrationally large, to allow an ethically sound market.

Thank you for the opportunity to comment.

Norman Brown, private individual investor

From:	Medero, Joanne BGI SF
To:	energyhearingcomments;
cc:	Durkin, Patrick: Barclays Capital;
	Thomas, Merritt: Barclays Capital;
Subject:	Energy Hearing Comments
Date:	Wednesday, August 12, 2009 5:35:39 PM
Attachments:	Barclays Capital CFTC Comment Letter Energy Hearings.pdf

Mr. Stawick:

Attached please find Barclays Capital's comments on the Energy Hearings. If there are any questions, please contact Patrick Durkin (212 526 9772) or the undersigned.

<<Barclays Capital CFTC Comment Letter Energy Hearings.pdf>>

Joanne Medero
Managing Director
Government Relations and Public Policy, IBIM
Ph: 415 597 2620

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BARCLAYS CAPITAL

745 Seventh Avenue
New York, NY 10019
United States

August 12, 2009

Mr. David Stawick
Secretary
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581
energyhearingcomments@cftc.gov

RE: Energy Hearing Comments

Dear Mr. Stawick:

Barclays Capital[1] ("Barclays") appreciates this opportunity to comment on the Energy Hearings held over the past two weeks by the Commodity Futures Trading Commission. Chairman Gensler and the Commission have clearly identified several key areas for regulatory review including systemic risk, market integrity, transparency and efficiency, and marketing practices. It benefits all market participants that these important objectives are achieved in the context of an effective regulatory environment. To that end, a number of proposals have been put forth which may address the issues raised by Chairman Gensler. All of these proposals require careful consideration to ensure that their implementation achieves the Commission's desired effects without risking unintended consequences.

The CFTC's organization of public hearings over the past two weeks has been very positive in generating dialogue regarding the needs of market participants, and we were pleased by much of what we heard during those sessions. Commodity market participants are a diverse group with sometimes very different needs – it was important to hear the concerns of end-users and producers, particularly regarding clearing, the liquidity impacts of cash margining, and the impact these issues will have on company growth rates, capital investment, liquidity, and risk management strategies.

Transparency was highlighted frequently in the discussions, and we support the CFTC's efforts to ensure that it has a comprehensive picture of the markets, including information such as the Special Call to complement the information currently provided by the exchanges. We very much appreciate the Commission taking the time to hold these hearings. These are complex issues, and we would urge the Commission to solicit as much feedback and data as may be required to thoroughly evaluate the implications of any proposals; we stand ready to provide any such feedback or data that may be useful in this regard.

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[1] Barclays Capital is the investment banking division of Barclays Bank PLC. Barclays Capital provides large corporate, government and institutional clients with a comprehensive set of solutions to their strategic advisory, financing and risk management needs. Barclays Capital has offices around the world and employs over 20,000 people.

In our comments below, we hope to clarify a few points regarding the dynamics of futures markets and to offer some further background on the different types of intermediation required by commodity producers and consumers, the drivers for those requirements, and what is necessary in order to provide products, services, and risk management to meet those needs. We also outline a few examples of alternative and traditional energy projects that could not have been undertaken without access to both the futures market and the tailored hedging products and credit intermediation provided by intermediaries of scale who have the capital, experience, and diversified platforms required to structure unique solutions for these important projects and their corporate sponsors.

Futures Market Dynamics

We believe that two aspects of futures market dynamics which are shaping the ongoing policy dialogue would benefit from further clarification. Although we understand that the Commission is fully conversant in these issues, we thought it was worthwhile to provide this information for the record as there seemed to be some confusion in portions of the hearing testimony and in the broader media commentary on the subject.

First, some of the analysis currently circulating in the media and in some policy circles seems to confuse the supply and demand of futures with the supply and demand of physical commodities. These are two different things. The overwhelming majority of investor funds entering the commodities markets over the past few years were invested in index-based products which utilize futures. This is not physical demand; investors seeking exposure to commodity markets in this way have had no ability to store or utilize the actual physical commodity.

Futures are designed as a simple broad proxy to attract liquidity and to enable producers and consumers to transfer some amount of generic risk. Futures contracts are intended to mirror broadly the physical market, and indeed some can be delivered physically, but they do not mirror the actual diverse and specific underlying risks of producers and consumers. For example, the Nymex WTI contract specifies a light sweet crude oil of a particular sulphur content and API gravity deliverable at Cushing, Oklahoma. Only a small percentage of US oil production meets this specification and will be delivered to Cushing, yet this contract is seen as the world-wide benchmark and is used by many international producers and refiners of both heavier and lighter grades to hedge their crude exposure.

As the CFTC well knows, to be useful to market participants, the price of the future at contract expiration must converge with the price of the physical commodity in the physical market at that time. If this convergence between the futures market and the physical market does not occur, the future is not a useful tool for hedging. To ensure this convergence, liquidity is essential and a great deal of thought goes into the design and specifications behind the futures contract, including ensuring that the delivery points and product grades are as relevant as possible to the physical market. Designing a successful futures contract requires balancing the need for a generic product to attract liquidity and the need for a specific product to mirror the physical underlying commodity.

The key distinction between the physical and futures markets, however, is that market participants can, in theory, trade an infinite number of futures contracts. As long as two participants can agree on a price, a transaction can take place. By contrast, in the physical market, there is a limited amount of physical material available at any one time. Not everyone wanting to purchase or sell physical material can necessarily find a counterparty. If there is a shortage of material at a certain time, there is nothing to buy. For specific grades of material, there may be a limited number of users, and those users may have no need to purchase at a certain time, so sellers can not sell. Hence, while the futures market is designed to mirror the physical market and converge to the physical market price, physical market demand is not equivalent to demand for futures contracts.

Investors in futures contracts actually aid convergence in that they "roll" their positions (selling the futures contract closest to expiration and purchasing a contract further out in the future) in the month prior to expiry, providing liquidity to the market at a time when it is needed for convergence. Importantly, at the point of expiration, there is very little, if any, remaining investor interest in the contract. Institutional investors can also be a stabilizing influence on the commodity markets as over time they rebalance their portfolio positions to achieve a consistent target allocation across multiple asset classes. This means that they are often selling after prices have risen and buying after prices have fallen.

<u>Second, we believe there is a growing misunderstanding in the media and in some policy circles regarding the drivers of forward prices. Forward prices can not be explained by spot supply and demand fundamentals; they are explained by future expectations of supply and demand.</u> Forward prices communicate the amount of investment currently underway to bring new product to market, future demand and technology trends, risk of instability in producing regions, perceived threats to supply disruption, and other future drivers of prices. Current inventory levels serve as a starting point for forward supply and demand analysis, but current inventory itself is not a driver of forward prices. Price discovery in the forward markets is critical to ensuring that resources are allocated properly. The market provides producers with the opportunity to invest in costly new infrastructure like wind farms and pipelines to connect new sources of supply, and consumers with the opportunity to invest in energy-saving technologies like smart grids and more fuel efficient vehicles. Without these important forward price signals, we are liable to endure painful shortages or may waste precious natural resources.

Research from Barclays Capital was referenced during the hearings. We would be happy to provide Barclays' research to interested parties at the CFTC.

Unique Characteristics of the Commodities Markets

There are a few points that we believe were not highlighted explicitly in the hearings, but which we feel are important to contribute to the ongoing dialogue. There are several fundamental characteristics of the commodity markets that drive the need for different types of intermediation. Exchanges have the resources to intermediate large volumes of generic commodity risks well, while commodity intermediaries of scale have the resources to intermediate the multitude of more specific idiosyncratic risks that face producers and end-users in these markets.

(1) <u>Commodity markets are global and incredibly diverse.</u> Producers and end-users of commodities face very specific underlying risks due to the nature of the physical product, including risks based on the commodity's specification, volume, and location. For example, there are over 450 different types of crude, but the benchmark (most liquid) crude futures contract, WTI, specifies light sweet crude oil. Wind power doesn't blow a consistent amount of power every hour; production in any given time period varies with how the wind blows, and yet all futures contracts specify a given volume per time period. Physical natural gas has over 92 US delivery points as published by Natural Gas Intelligence, a major price reporting publication (and many more points that are too small to merit publishing), but the benchmark

natural gas futures contract specifies delivery at Henry Hub, Louisiana. Intermediaries are needed to risk manage specific and varied risks that consumers and producers face because of the inherent diversity of physical commodities.

(2) Commodities are substitutable, but rarely fungible. At a very basic level, this means you can produce power from coal-fired power plants instead of natural-gas fired plants if there is a shortage of natural gas, but you can't put coal into your natural gas-fired power plant. The infrastructure required for the production and processing of commodities is large, complex, and expensive. Processes typically utilize specific underlying grades of certain products and in many cases flexibility is limited by engineering constraints. This is well illustrated by coal and heavy crude oil. Physical steam coal used in power generation ships domestically from and to hundreds of rail and barge points, and internationally from and to dozens of ports worldwide. Every single coal mine has different chemical and combustion properties and while some of these differences can be subtle, some of them can be dramatic enough to limit substitutability between different coals from different origins. A power plant that uses Appalachian coal from West Virginia can not necessarily utilize Powder River Basin coal from Wyoming. As North Sea and US on-shore oil production declines, heavy crude oil is an increasingly large part of global supply, but this grade is difficult to refine in the US because most US refineries have been engineered to process light sweet crude oil. Refineries are converting their machinery to adapt to heavier grades of oil, but each individual conversion takes years and hundreds of millions of dollars to complete.

Transportation costs and the physical nature of where commodities are located, often far away from centers of demand, also mean that there can be significant risk of regional supply and demand imbalances at any given time. These imbalances, combined with the lack of fungibility, naturally increases the volatility experienced in many commodity markets. Intermediaries with a sophisticated and expansive knowledge of regional markets and the underlying physical products are needed to risk manage this volatility.

(3) Commodity markets are fragmented. The fragmentation in the commodity markets is most clearly evidenced by the location and size of its participants. While the majority of commodity futures contracts are currently traded on US exchanges, the broader commodity markets are truly global, with regional supply and demand balances generating localized volatility not always exhibited in the benchmark indices. There is a natural asymmetry in the size of producer and consumer hedging at any one time. Producers require large volume hedges because they are typically hedging to support sizeable investments in exploration, production, or infrastructure. The average end user is much smaller. Producers and end users are also often using different specific grades of underlying commodities, and are often not in the market at the same time. Commodity product expertise and a broad global reach are required to connect niche buyers with the sellers of certain more unique product grades. Intermediaries are needed to risk manage differences in timing, volume, and specific product grades.

(4) The production of commodities requires, in many cases, significant lead time and large investment. Both producers and consumers would like to be nimble and flexible entities, able to respond with "just-in-time" production. The reality is that because of the considerable capital expenditure required to explore for and develop large commodity assets, most producers and processors of commodities must plan and execute investment well in advance of anticipated physical demand. These large investments require significant capital and often utilize the credit markets. By contrast, most consumers look at much shorter timeframes, often hedging to their annual budgets. This creates a natural asymmetry with regards to the

timing of hedging between consumers and producers, with generally only producers hedging in the outer years. Intermediaries are needed to risk manage these timing differences, and to provide credit to consumers and producers to facilitate hedging.

(5) Commodity investment requires risk management tools. Because of the long lead times and capital requirements of commodity infrastructure projects, hedging commodity risk is often a necessary step to securing financing as stable cash flows are the foundation to prudent investment. For example, a company looking to develop a new natural gas reserve requires a certain level of guaranteed revenue from sales in order to justify the expenditure necessary to bring the field into production. Even if the company has a market view that gas prices will go up over time, a prudent lender to the project will require that a certain percentage of output be locked in at a known price level sufficient to ensure that the project is able to pay back debt and justify the initial expenditure.

Smaller, independent companies and project developers rely most heavily on external sources of capital, and thus require hedging to facilitate investment. These independent players have a crucial role in the commodity markets. Looking at the contribution of independent producers to natural gas production growth in the US Lower-48 and Canada over the period 2006-2008, independents have clearly been the primary driver of supply growth, adding an average of 2.24 Bcf/d over that period while total production grew by an average of 2.06 Bcf/d. Independents account for 97% of the acreage owned by the top 10 acreage holders in six of the major shale plays. Growth in production from shale developments has been one of the most significant drivers in the large reduction of natural gas prices in the US over the past year, bringing benefits to consumers nationwide.

In order to ensure ongoing commercial investment in both traditional and alternative energy, it is critical to have intermediaries that can provide meaningful and effective non-standard commodity hedging for complex and long dated requirements.

All of these points above endemic to the commodity markets highlight the need for both the generic intermediation provided by Exchanges as well as the more specific intermediation provided by intermediaries of scale. It is critical that these characteristics are taken into account when evaluating policy options. Policy proposals which are structured to address concerns about the generic WTI contract may unintentionally negatively impact the coal producer in Wyoming or the natural gas consumer in New England if the complex nature of the underlying commodities markets is not thoroughly considered.

Intermediaries of Scale

The risk management and credit intermediation products and services required by commodity producers and consumers necessitate commodity intermediaries to assume a diversity of individual risks as highlighted above. In order to prudently provide for the effective risk intermediation of these complex risks, a certain amount of scale is required. Diversified business platforms, such as those that have been built out over decades by larger swap dealers and commercial participants with trading and marketing operations, allow for the provision of these tailored products. The points below illustrate why the services supported by these broader platforms can not be prudently provided by smaller intermediaries, nor easily or effectively moved to an exchange.

(1) Portfolios help manage risk. Diversified global platforms which enable the trading of multiple commodities in multiple regions allow intermediaries of scale to prudently make markets in, and manage exposure to, the wide variety of specific risks facing consumers and producers in the commodities markets. Large liquidity providers have often spent a decade or more building these diversified global platforms. The greater the scale of such platforms, the more efficient and effective the intermediary will be in assuming and mitigating the risks caused by the underlying volatility and mismatches in the commodities markets as described above.

(2) Diversified platforms require significant investment. Substantial amounts of IT infrastructure, operations capabilities, settlement and confirmation systems, modeling capabilities, trading systems, monitoring and risk management systems, logistics, legal documentation, legal and compliance expertise, and specialized tax and finance capabilities are required to support scalable risk portfolios. The largest intermediaries may have over 1,000 clients globally and make prices on 800-1000 different commodities, locations, and/or grades. New products are added on an ongoing basis to accommodate customer requests. These platforms can not be built quickly, they are enormously expensive, and they require experienced commodity professionals to develop, maintain and manage them. Such infrastructure is necessarily customized, specialist, and sophisticated. By facilitating the efficient measurement, monitoring and management of risk positions, these platforms play a significant, and we believe central, role in reducing the systemic risks and volatility in the commodity markets, to the benefit of producers, consumers and regulators alike.

(3) Economies of scale provide more hedging options for clients. Intermediaries of scale have the necessary systems in place to provide customized hedges to meet the individual risk profiles of clients, and the diverse portfolios required to manage these risks effectively. Tailored solutions enable end users and producers to meet the obligations of FASB 133 for hedge effectiveness. Customized hedges are also critical in providing risk management tools for the reduction of the large and complex risks inherent in significant infrastructure investments. In many cases, increasing cash flow certainty for these projects provided by appropriate customized hedging products enables the investments to proceed and to achieve financing at the lowest cost possible, creating jobs and producing new sources of energy.

(4) Accepting non-cash collateral requires significant specialized resources. Producers and consumers in the commodities markets often post non-cash collateral, in many cases in the form of liens on assets or reserves. Non-standard collateral as a store of value reduces overall costs to the system and allows these companies to put their cash to better uses, for example in the development of infrastructure to bring more supply to market. However, to prudently extend these lines of credit, intermediaries require both experience and a wider portfolio in which to diversify project-specific risks.

Accepting non-cash collateral requires significant due diligence and legal documentation; it is not as simple as producers putting the title to their reserves in a lock-box in favor of their hedge counterparty. There is often months of work involved in the valuation, credit and tax analysis of the assets, engineering work to be reviewed, appropriate documentation to be drafted, and necessary ongoing monitoring to be performed, all of which is facilitated by experience and diversified business platforms. It also requires the ongoing management of the risks of a non-liquid asset. Intermediaries of scale routinely hold these unhedged risks in their portfolios. Futures clearing houses monitor ongoing risks, but do not dynamically manage open risk positions.

A common theme that we have noticed emerging in the policy dialogue appears to be the idea that more participants in a market automatically translates into greater liquidity provision to the market. Yet the themes noted above all emphasize the importance of economies of scale in offering products to help manage the fragmented and diverse risks inherent in the commodities markets. Robust competition is critical for markets and it is possible to have this without introducing artificial constraints that might hamper the ability of intermediaries to meet the legitimate needs of market participants.

Clearly it is important to ensure that intermediaries of scale, like all market participants, are not building positions that may impact market integrity. Mechanisms are already in place to facilitate the CFTC's regulatory review of such positions and information such as that suggested by proponents of the "Look to, Look through" concept would further enhance the Commission's ability to oversee these markets. All designated contract markets have rules to deal with large positions to avoid congestion issues, and the CFTC quite effectively uses its "Large Trader Reporting" system to conduct market surveillance.

A few sample transactions from Barclays' own experience are provided below to demonstrate some of the capabilities afforded by intermediaries of scale:

(1) Wind Energy in Texas. Barclays provided financing and a long-term hedge to a large wind farm project constructed in Texas. Without the long-dated hedges provided, the project would not have had the stable cash flows necessary to support its development. Wind farms contribute to growth in the local job markets and tax base, as well as the unique economic stimulus of landowner lease payments which provide supplemental income to area farms while allowing the land to remain in agricultural use. In addition, wind energy contributes to US energy security and helps meet environmental goals for a greener America.

(2) US Refinery. Barclays provided financing and hedging to a US-based refinery to support its expansion and efficiency improvements. With the new investment, the refinery's production output will roughly double, while its crude oil consumption will increase by less than 30 percent. The hedge provided was tailored to the very specific product mix and tenor requirements of the project, and it was the certainty of the hedge that allowed the company to prudently undertake this expensive capital investment. In addition to the economic benefits of the project, this refinery expansion contributes to US energy security by maximizing the different crude qualities that can be refined domestically.

(3) Department of Energy ("DOE") Diesel and Gasoline Index Hedging. One of the most volatile exposures faced by Barclays' industrial and retail sector clients is the cost of gasoline and diesel used in deliveries by trucking fleets. Client exposure to this cost can come directly, through the operation of owned fleets of delivery vehicles, or indirectly, through the use of fuel surcharges on any outsourced transportation. Because the US diesel and gasoline futures contracts represent wholesale prices for products delivered in New York Harbor or the Gulf Coast, these contracts did not hedge risk sufficiently for our clients. Clients were unable to match their true retail exposure at the pump or achieve FASB 133 accounting. In response to client feedback on this risk, Barclays began offering its clients the ability to hedge against the DOE Diesel and DOE Gasoline indices. These indices represent "on-road" prices, helping clients to better manage their actual fuel costs at the pump. Clients are now hedging more of these risks, contributing to greater cash flow stability.

Conclusions

The commodity markets have proven themselves both robust in times of stress and capable of adapting to new risks. These markets have weathered multiple large bankruptcies (Enron, Calpine, Refco, SemGroup, Lehman), and the abrupt exit of numerous large players (Duke, TXU, Dynegy, El Paso, BMO, UBS, Constellation) over the past few years. In these times of stress, the markets, including the exchanges, look to intermediaries of scale to absorb significant risk quickly. Flexibility, the benefits of diversified portfolios, and the sophisticated platforms of systems and risk management expertise that these companies have built over decades allow them to absorb these shocks and digest diverse and complex risks quickly.

The types of products required to support the projects outlined above require hedge exemptions for intermediaries of scale. These larger swap dealers and commercial participants with trading and marketing operations have the capital, experience, and diversified platforms required to structure unique solutions for these important projects and their corporate sponsors. A market in which intermediaries of scale are unable to provide risk management for large and/or complex customer exposures is a market in which numerous participants will be trying to provide risk intermediation with less infrastructure, less expertise, and less capital.

Encouraging smaller players that lack the required scale of operations and necessary expertise to offer more sophisticated and complex hedging products may not contribute to market stability or efficient regulation. It may also increase systemic risk and potentially jeopardize the leading role that the US currently plays in the commodities futures markets which is demonstrated by the fact that roughly 75 percent of all oil futures are traded on US markets, while only a quarter of the world's oil is consumed domestically. This type of migration would both damage a market leading industry and lead to greater instability in the commodities markets. Limits should not be a source of competitive advantage for inexperienced and potentially under-resourced intermediaries.

Currently the leadership provided by the CFTC has made US exchanges the most attractive commodities futures markets in the world. The centralization of intermediaries of scale and other experienced, credit worthy participants in US regulated markets allows for better supervision of what is truly a global market. It is critical that the CFTC carefully consider every aspect of the current proposals to ensure that US markets remain a robust and attractive option for participants globally.

Barclays Capital appreciates the opportunity to comment on the CFTC's hearings, and to participate in this important policy dialogue. All market participants have a vested interest in ensuring the health of the commodity markets, in maintaining market integrity, and in supporting and encouraging efficiency. As you further evaluate the implementation of specific proposals, please do not hesitate to contact us should you require additional information or any further clarification.

Sincerely,

Jerry del Missier
President
Barclays Capital

iPath Exchange Traded Notes are issued by BBPLC and promoted by BGIS. For a current prospectus, go to http://www.ipathetn.com/prospectuses.jsp

Barclays Bank PLC and its affiliates, including Barclays Global Investors, N.A. and Barclays Global Investors Services, do not provide tax advice. Please note that (i) any discussion of U.S. tax matters contained in this communication (including any attachments) cannot be used by you for the purpose of avoiding tax penalties; (ii) this communication was written to support the promotion or marketing of the matters addressed herein: and (iii) you should seek advice based on your particular circumstances from an independent tax advisor.

From: AFH
To: energyhearingcomments;
Subject: For your consideration of position limits
Date: Wednesday, August 12, 2009 5:30:05 PM

Dear CFTC Commissioners:

For your consideration of position limits in the commodity futures markets I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits. Market manipulation is market manipulation regardless of which side of the market it is on!

Thanks for your consideration.

Anthony F. Herbst, Ph.D.
of Finance, UTEP
[redacted]

[redacted]

[redacted]

From:	Edward Wisniewski
To:	energyhearingcomments;
Subject:	Energy Hearing Comments
Date:	Wednesday, August 12, 2009 5:27:48 PM

Energy Hearing Comments

8/12/2009 (email)

I concur with Mr. Butler's statement, as attached below.

Position limits need to b enforced; otherwise, extreme concentration in both gold and silver
will continue. This is absurd. This is illegal; and this should end immediately.

This opinion also ignores the fact that material losses have occurred because of this manipulation; I
hope this gets addressed in the future. And I bid you well. Thank you for listening.

Edward J. Wisniewski
[redacted]

[redacted]

[redacted]

August 10, 2009

Chairman Gensler,
Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.

I have excerpted the following passages from your opening statement of August 5th. You said:
"I believe that position limits should be consistently applied across markets for physical commodities of finite supply."
"…, I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated."

"The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity."

According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.

Theodore Butler (attached from the note as above, from Edward Wisniewski, details above.)
Once again, Thank you for your interest.

[redacted]

From: Germar Gerling
To: energyhearingcomments;
cc: Gensler, Gary; Dunn, Michael; Chilton, Bart; Sommers, Jill; info@butlerresearch.com;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 5:09:29 PM

Dear Mr. Hon. Chairman Gensler,

As a long-time silver investor, I would like to ask you to pay sincere attention in your hearings to the remarks of silver analyst Mr. Ted Butler dated August 10, 2009 http://www.investmentrarities.com/ted_butler_comentary08-11-09.shtml and enclosed hereafter.

I would like to ask you to immediately stop the silver price manipulation!

Thank you for all your efforts.

Yours sincerely

G. Gerling

Germar Gerling
[redacted]

[redacted]

August 10, 2009

Chairman Gensler,

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.

I have excerpted the following passages from your opening statement of August 5th. You said:

“I believe that position limits should be consistently applied across markets for physical commodities of finite supply.”

“…, I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated.”

“The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity.”

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I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.

Theodore Butler

From: Trabue Bland
To: secretary; Stawick, David;
Subject: ICE"s Addition to the Energy Position Limits Hearing Record
Date: Wednesday, August 12, 2009 5:03:14 PM
Attachments: additiontorecord.pdf

Dave:

[redacted] Attached as a PDF is ICE's addition to the hearing record on energy position limits.

Thanks in advance.

Trabue

Trabue Bland - Director of Regulatory Affairs and Assistant General Counsel
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ICE

Atlanta Calgary Chicago Houston London New York Singapore

August 11, 2009

Mr. David Stawick
Secretary
Commodity Futures Trading Commission
1155 21st Street, NW
Washington, DC 20518

RE: Energy Hearing Comments

Dear ~~Mr. Stawick~~: Dave:

At the Commission's July 28 hearing on Energy Markets, Jeffrey Sprecher testified for the IntercontinentalExchange, Inc. (ICE). Pursuant to the release of the Commission's request for subsequent comments, ICE would like to add the following to the hearing record:

Applicability of a Designated Contract Market (DCM)'s Position Limits to a Linked Contract Traded on a Foreign Board of Trade or on a Significant Price Discovery Contract

In the Question and Answer session following ICE's testimony, a panelist stated that ICE could set its own position limits for Significant Price Discovery Contracts (SPDC) listed on its Exempt Contract Market and for Linked Contracts listed on ICE Futures Europe. This statement was incorrect as referenced in the Commission rules and no action letter listed below:

1) **A SPDC listed on ICE is subject to the CME's position limits and accountability under Core Principle IV:**

(3) Limitations on spot-month positions.
Spot-month limits should be adopted for significant price discovery contracts to minimize the susceptibility of the market to manipulation or price distortions, including squeezes and corners or other abusive trading practices.
(i) Contracts economically equivalent to an existing contract. ***An electronic trading facility that lists a significant price discovery contract that is economically-equivalent to another significant price discovery contract or to a contract traded on a designated contract market or derivatives transaction execution facility <u>should set the spot-month</u>***

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ice

limit for its significant price discovery contract at the same level as that specified for the economically-equivalent contract.[1] (bold, italicized emphasis added)

2) ICE Futures Europe is subject to CME's position limits and accountability under CFTC's 2008 revision to the no-action letter:

"ICE Futures Europe will impose on IFE Linked Contracts, by rule or otherwise, position limits or position accountability levels (including related hedge exemption provisions) *that are comparable* ***to the existing position limits or position accountability levels (including related hedge exemption provisions) as adopted by: (i) the DCM, DTEF or ECM for the contract against which the IFE Linked Contract settles*** or (ii) the DCM, DTEF or ECM for a financially-settled equivalent of such contract;...."[2] (bold, italicized emphasis added)

Both the SPDC rulemaking for ICE's ECM and ICE Futures Europe's no action letter require each to adhere to a DCM's position limits. In each case, this would be the Chicago Mercantile Exchange. This fact is important to note because one of ICE's core arguments that the CFTC set aggregate position limits is that ICE does not have any transparency into the way the CME sets its position limits.

A few examples of the lack of transparency:

Prior to 2006, CME (formerly the New York Mercantile Exchange) treated physical and financial contracts similarly. In November 2006, the CME began to treat physical and financial contracts differently. For example, CME's flagship crude product is the physically-delivered WTI contract ("CL"). CFTC guidelines call for fungible or economically equivalent contracts to be aggregated for position limit purposes. For the cash-settled WTI Calendar Swap ("CS"), in which customers typically have positions that are hedged and therefore offset by *opposing* CL positions, CME indeed aggregates the two contracts for position limit purposes. However, for the WTI Financial Swap ("WS"), in which customers typically have positions that are on the *same* side as and therefore do not offset CL positions, CME does not aggregate. This unsupportable inconsistency in position limit implementation is further highlighted by the fact that CME nonetheless provides a margin credit of 99% to WS positions offsetting CL positions. Thus, for position limit setting and risk management purposes, the CFTC and CME deem the

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[1] 74 Fed. Reg. 12177 (March 23, 2009). A discussion on the points raised on this issue by commentators can be found at 12814.

[2] Letter from Richard Shilts, Director, Division of Market Oversight to Dee Blake, Director of Regulation, ICE Futures Europe (July 17, 2008).
http://www.cftc.gov/stellent/groups/public/@newsroom/documents/file/icefutureseuropeamendment06170.pdf

physical and financial contracts equivalent, yet for position aggregation purposes, the contracts remain completely unlinked. ICE could find no publicly available reason for disaggregating these contracts. As noted in our testimony, ICE believes that physically delivered and cash-settled contracts differ in nature and purpose, especially during the month of expiration. Accordingly, not only should positions in each ***not*** be aggregated, but different criteria should determine the setting of ***different*** position limits for each.

In October 2008, the CME converted its 3,000 position accountability level to a 2,000 lot hard position limit on its WTI Financial Swap. This coincided with the CFTC requiring that ICE Futures Europe place position limits on its WTI contract comparable to CME's WTI contract (financial or physical was not specified). This was the only change to a CME financially settled product and again there was no public justification for this change, even though – against the weight of logic -- the position limit for the cash settled contract is now lower than the physically delivered contract.

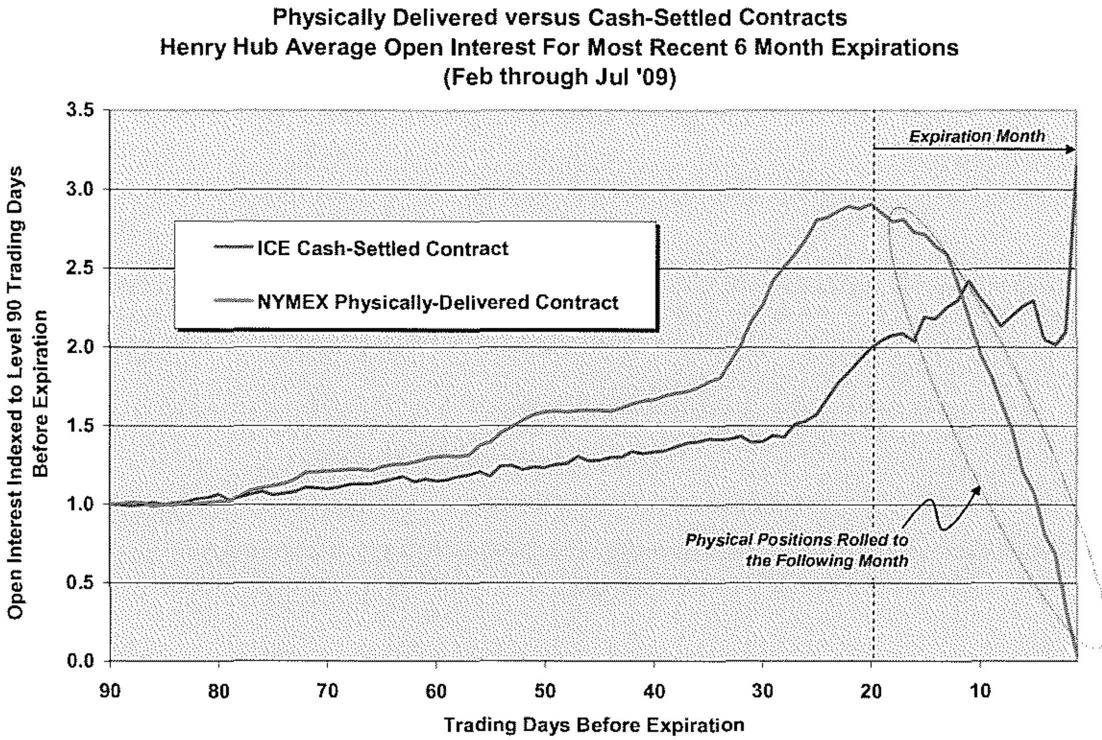
Similarly, until recently, the CME aggregated positions in many of its natural gas basis swap contracts (AECO, Southern California, others) into the Henry Hub natural gas contract for position limits. Over the last several weeks, CME began disaggregating these swaps from the Henry Hub position limits, again, with no public justification.

Because it is likely that these measures were taken for commercial, rather than regulatory, reasons, ICE would like to reiterate the following pro-competition suggestions that were made in its original submission:

1. Position limits should be set and administered by the Commission;
2. Position limits should be aggregate in nature (single limit collectively applicable to any and all venues); and
3. The Commission should be agnostic as to the venue(s) each trader chooses to maintain its position so long as aggregate compliance is met.

Financially Settled Contracts and Physically Deliverable Contracts Should be Treated Differently in a Revised Position Limit Regime

In its oral and written testimony, ICE recommended that the Commission treat financially-settled and physically-deliverable contracts differently. As ICE stated, currently, the CFTC is encouraging exchanges to adopt hard position limits for financially settled contracts that are equal to the position limits for physically deliverable contracts. The Commission should closely examine this practice, as market participants primarily use the financially settled contract to gain exposure to the final settlement price of the physically delivered contract, and may not be able to obtain a "perfect hedge" through exposure to the physical contract due to the need to trade out of such contracts prior to the final settlement price being established. This is shown by the charts below:



The charts show that open interest increased in the expiration month for the financially settled Henry Hub contracts; this represents participants that need exposure to the final settlement price. Contrast this with the physically deliverable contract, where participants exit the contract in the expiration month and roll their position to the second month. Imposing limits on cash-settled contracts that are the same as those for physically-delivered contracts will be problematic for those trying to hedge the settlement price, and may create a convergence problem for the physically deliverable contract. Further, it might force participants to seek alternatives off exchange in order to get exposure to the final settlement price.

Thank you again for the opportunity to express our views on this important topic.

Sincerely,

R. Trabue Bland

Director of Regulatory Affairs

Assistant General Counsel

From:	Sweeney, R. Michael
To:	energyhearingcomments;
cc:	McIndoe, David; Menezes, Mark W.; Currier, Patrick T.;
Subject:	Energy Hearings Comments
Date:	Wednesday, August 12, 2009 5:01:09 PM
Attachments:	HW CFTC Working Group_comments.pdf

Good afternoon:

Hunton & Williams LLP, on behalf of the Working Group of Commercial Energy Firms, hereby submits the enclosed transmittal letter and comments addressing certain issues discussed at the hearings on "Speculative Position Limits in Energy Markets" held by the Commodity Futures Trading Commission on July 28-29, 2009, and August 5, 2009.

If you have any questions, or if there is further correspondence regarding this proceeding, please contact the following persons:

R. Michael Sweeney, Jr. David T. McIndoe Patrick T. Currier
(202) 955-1944 (202) 955-1947 (202) 419-2001
rsweeney@hunton.com dmcindoe@hunton.com pcurrier@hunton.com

Thank you very much.

Regards, Michael Sweeney

<<HW CFTC Working Group_comments.pdf>>

HUNTON & WILLIAMS

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August 12, 2009

David Stawick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st St., NW
Washington, DC 20581

VIA ELECTRONIC MAIL

Re: Energy Hearing Comments

Dear Mr. Stawick:

Hunton & Williams LLP, on behalf of the Working Group of Commercial Energy Firms (the "Working Group"), hereby submits the enclosed comments that address certain issues discussed at the hearings on "Speculative Position Limits in Energy Markets" held by the Commodity Futures Trading Commission on July 28-29, 2009, and August 5, 2009. The Working Group is a diverse group of commercial firms in the domestic energy industry whose primary business activity entails the physical delivery of one or more energy commodities. The Working Group, which includes energy producers, energy marketers and utilities, considers legislative and regulatory developments with respect to the trading and hedging of energy commodities, including those involving derivatives and other contracts that reference energy commodities.

If you have any questions, or if we can be of further assistance, please contact the undersigned at (202) 955-1500.

Sincerely,

/s/ Mark W. Menezes
Mark W. Menezes
David T. McIndoe
R. Michael Sweeney, Jr.

Counsel for the
Working Group of Commercial Energy Firms

Enclosure

Position Paper of
Working Group of Commercial Energy Firms
with respect to the
Commodity Futures Trading Commission's
Proposed Application of Federal Position Limits
in Energy Commodity Markets

The Working Group of Commercial Energy Firms (the "Working Group") is a group of commercial firms in the energy market whose primary business activity entails the physical delivery of one or more energy commodities (each, an "Energy Provider"). Members of the Working Group consist of energy producers, marketers, and utilities. The Working Group considers legislative and regulatory developments with respect to the trading of energy commodities, including derivatives and other contracts that reference energy commodities.

Executive Summary

1. Federal position limits for energy commodity transactions could increase costs for Energy Providers and, ultimately, American consumers.[1] If not precisely established, position limits will reduce liquidity and price discovery in otherwise efficient commodity markets. As energy markets become less efficient, Energy Providers will incur higher costs when hedging commodity prices. These costs are subsequently reflected in higher and more volatile prices paid by American consumers for energy products. Accordingly, the Commodity Futures Trading Commission ("CFTC" or the "Commission") must exercise the highest level of diligence in considering federal position limits for energy commodity transactions. Careful study and deliberation is needed to assure the benefits of federal position limits are not overwhelmed by the associated costs.

2. The Commission should establish federal position limits under the Commodities Exchange Act (the "CEA") in a manner that does not burden trading by Energy Providers, particularly with respect to hedging activities. Energy Providers use trading activities to eliminate price volatility in producing and delivering electricity, heating oil, natural gas, gasoline and other energy commodities to American consumers. This trading activity does not present the type of market or systemic risks that position limits are designed to minimize. Accordingly, given the limited risk profile associated with the hedging activities of Energy Providers, new federal position limits should not be set at levels that could burden or otherwise adversely affect such activities.

3. Swap dealers perform a core function in the efficient operation of the energy markets and their current exemptions from position limits should be maintained. Energy Providers rely on swap dealers to facilitate their trading activity. If swap dealers are constrained by position limits and cannot offer Energy Providers with efficient access to energy markets, then Energy Providers will incur additional costs in the normal course of their business. These additional costs will ultimately adversely affect the pricing of energy commodities for American consumers.

[1] As used herein, "federal position limits" is distinguishable from position limits that may be separately established and maintained by various exchanges on which transactions for energy commodities may trade.

4. Commodity investors are necessary for the efficient operation of energy markets. The imposition of federal position limits should not reduce the benefits these traders provide. Similar to swap dealers, commodity investors help bring liquidity and price discovery in energy markets. Their trading helps to converge prices between producers and consumers of energy commodities. Unnecessary restraints on trading by commodity investors will harm the efficient operation of energy markets.

5. Energy markets are different from markets for other commodities, such as agricultural commodities. Energy markets are often highly liquid and currently are subject to other federal and state regulation. The Commission should be mindful of the distinctions when adding further regulation to such energy markets. In particular, the Commission should delegate the day-to-day operational aspects of position limits to exchanges. By doing so, the Commission can efficiently leverage the expertise possessed by the exchanges, while preserving its scarce resources for more prudential activities.

6. The Commission should not seek the authority to impose position limits in the over-the-counter ("OTC") markets for highly customized transactions or transactions that involve physical delivery of energy commodities. Energy Providers require a market in which they can trade to offset unique risks associated with their businesses. Energy Providers typically execute trades in the OTC market to mitigate such risks. This market should remain as robust as possible to promote trading efficiency.

7. The Commission should consider the dampening effect on competition in the energy market that new federal position limits could have. If not precisely established, position limits will increase the cost of doing business for most Energy Providers. However, the abilities of any Energy Provider to absorb or meet such costs may be better or worse than its peer firms. Energy Providers that cannot incur such costs will be forced to exit the business.

I. INTRODUCTION.

The Commission recently concluded three hearings on federal position limits in energy markets and exemptions from such limits. The Commission sought a diversity of views, which included, but not limited to, the following:

- Whether the CFTC should apply federal position limits consistently across all markets and participants, including index traders and managers of exchange traded funds;
- Whether federal position limits would enhance the integrity and efficiency of energy markets;
- Whether the CFTC needs additional statutory authority to fully accomplish these goals;
- Should federal position limits apply only to speculative transactions;
- What roles should the CFTC and/or the exchanges have in implementing federal position limits; and
- What formulation the CFTC should use to determine levels for federal position limits for each distinct energy commodity market.

The imposition of federal position limits on energy commodities would represent a substantial change in the regulation of trading in energy commodity markets. Presently, certain energy markets are subject to position limits established by exchanges, but not the Commission itself. Annex A provides an overview of the Commission's current authority to impose federal position limits and to regulate manipulative trading activities.

As discussed herein, if federal position limits for energy commodities are not thoughtfully and carefully developed and implemented by the CFTC, this action could adversely impact such energy markets and, particularly, Energy Providers that produce physical energy commodities or are obligated by contract, regulatory compact or otherwise to deliver physical energy commodities and, ultimately, American consumers. If federal position limits are established at unreasonable levels, they likely will:

- Restrict the ability of Energy Providers to effectively and efficiently manage and transfer price risk associated with purchases and sales of underlying physical commodities and, thereby, increase the tangible cost of doing business;
- Decrease liquidity in futures and the OTC markets for energy commodities;
- Create market volatility that could adversely affect the value of underlying physical commodities held by Energy Providers; and
- Harm American consumers through increased prices for physical energy commodities.

This position paper identifies and discusses the specific concerns of the Working Group regarding the proposed application by the CFTC of federal position limits in energy markets.

II. <u>DISCUSSION</u>.

A. The Cost of Federal Position Limits May Hurt the U.S. Economy, the Energy Markets and American Consumers.

Energy Providers transact futures and energy-related derivatives on a daily basis to remove price risk associated with their core business of keeping the lights on, the car's gas tank full, or the stove lit for millions of citizens. The imposition of federal position limits will add costs to the transaction of energy commodities. These costs will be borne across the market and by American consumers. The Commission should be mindful of these costs when establishing federal position limits.

Position limits, if not implemented properly, will result in costs borne by the market and consumers. The Working Group is particularly concerned about the loss of liquidity and price discovery. Without sufficient liquidity and price discovery, bid/ask spreads will widen and the pricing of hedges will become more expensive as firms account for greater actual or potential volatility. As position limits hinder a firm's ability to hedge efficiently, Energy Providers may account for risks in other ways, such as increased reserve funds, which may be more costly. The increase in hedging costs will be reflected in: (1) higher consumer prices; or (2) the fact that consumers will bear the risk of fluctuating commodity prices. Even if the level of prices were unchanged, the increase in volatility would increase the costs consumers would have to pay to obtain flexibility (*e.g.*, to acquire the right to purchase extra natural gas in particular days during the winter). Further, if hard position limits are applied across all contract months, the ability of commercial end users to hedge long term exposure, and in turn offer longer term pricing to customers, will be stifled.

Energy commodities are intimately linked with the entire U.S. economy. Thus, the entire U.S. economy will be affected by the costs associated with new federal position limits. Chairman Gensler recognized this fact in his statement opening the series of hearings on federal position limits in energy markets and hedge exemptions:

> Gasoline prices, for example, can determine whether a family takes a summer vacation. Natural gas futures contracts can affect utility bills, and lack of convergence in the wheat market can shorten a grocery list.[2]

In light of the foregoing, the Commission must ensure that its regulation of energy markets does not have the unintended consequence of unnecessarily increasing costs to American consumers and, ultimately, harming the U.S. economy. The Working Group believes that federal position limits can be created and administered in a manner that avoids unnecessary costs. To avoid such costs, the Commission must strike a balance between effectively preventing manipulation in the energy markets and preserving the ability of Energy Providers to effectively and efficiently manage price risk.[3]

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[2] *Opening Statement of Chairman Gary Gensler,* Hearing of the Commodity Futures Trading Commission, at 1 (July 28, 2009) ("*Gensler July 28 Statement*").

[3] *Sense of Balance,* Speech of CFTC Commissioner Bart Chilton before the American Public Gas Association Annual Meeting, at 3 (August 4, 2009) (addressing the need for balance between the amount of commercial hedging and the amount of speculation in energy commodity markets).

B. Federal Position Limits in Energy Markets Should Be Set Only at Levels Designed to Protect Against "Systemic Risk."

The discussion of federal position limits arises in the broader debate about the use of derivatives and the related "systemic risk" concerns in the financial system.[4] Among the many ideas in the larger debate about systemic risk is that firms that create such risk should be subject to additional regulation. The corollary principal, though not often stated, is that firms that do not create systemic risk should not be subject to such additional regulation. To that end, the Commission should appreciate and understand that the trading activity of Energy Providers, particularly with respect to hedging, does not create systemic risk. Thus, when establishing federal position limits, the Commission should be careful not to set them at levels that could burden the normal trading activity of Energy Providers.

In support of this position, the Working Group notes that the hedging activities of Energy Providers do not create the systemic risk that financial institutions create. Major financial institutions act as intermediaries in the flow of credit and payments throughout the financial system. Energy Providers do not perform an analogous intermediary role in energy markets. Instead, Energy Providers tend to act as "end users" without the same chain of transactions. As a consequence, there tends not to be significant concentrations of risk. Outside of market manipulation concerns, for which the Commission already has broad jurisdiction, energy markets typically are highly liquid and, in such liquid markets, the ability of a firm to exercise abusive market power is quite small.

Moreover, the operation of assets and related hedging activities of one Energy Provider are largely independent of other Energy Providers in the same product markets. Unlike the events that took place in the market for credit default swaps, where a default by a single firm led to a domino-like, cascade of defaults by other institutions in the financial system, a default by an Energy Provider is typically limited to a single firm. For instance, if a particular Energy Provider experiences financial distress, energy assets can continue to operate and physical delivery obligations can be met. Accordingly, the risk that a default by an Energy Provider results in a total collapse of a particular energy market is very low (if existent at all).[5] Enron and Amaranth are examples of this.

Given the limited degree of systemic risk presented by the trading activities of Energy Providers, there does not appear to be any discernible public policy benefit from subjecting their hedging activities to the same degree of regulation that is otherwise appropriate for minimizing systemic risk created by financial institutions. If anything, the imprecise establishment of federal position limits may actually create more risk in energy markets by, among other things: (1) limiting opportunities for Energy

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[4] There is no widely accepted definition of "systemic risk." In general terms, "systemic risk" refers to potential harm to an entire system due to the actions or inactions by one or a small group of firms. It is characterized by inter-linkages and inter-dependencies in a system or market, which could potentially cause the entire implosion of that system or market.

[5] For example, exposures in energy markets that are secured by assets or are unsecured do not present systemic risk. From the standpoint of an Energy Provider, the ability to pledge asset-backed collateral in energy markets is very favorable, as it allows them to efficiently enter into risk management transactions using their own non-cash assets with no disruption to their core businesses and without draining liquidity used for working capital. From the stand-point of their counterparty (typically swaps dealers), in asset backed transactions, exposure to an Energy Provider is favorable in that exposure moves in the same direction as the value of the asset-backed collateral or the overall business. Similarly, in situations involving unsecured exposure, a counterparty is more likely to extend unsecured credit because the energy provider's overall creditworthiness tends to improve as exposure grows. *See Testimony of Blythe Masters, Managing Director & Head of Global Commodities Group, J.P. Morgan,* Hearing of the Commodity Futures Trading Commission, at 5-6 (July 29, 2009) ("*Masters Testimony*").

Providers and other commercial participants to hedge physical commodity positions; and (2) forcing them to take less efficient hedges in order to comply with the position limits.

C. Federal Position Limits Should Not Constrain the Business of Energy Providers.

Federal position limits should be fashioned by the Commission in a manner that allows Energy Providers to operate without additional trading costs. To this end, the Commission should impose federal position limits only with respect to prompt month contracts, when price volatility and potential for market abuses are the greatest. The Commission also should not impose hard position limits based upon an Energy Provider's percentage of open interest in a particular contract.

The Working Group believes that it is important that the Commission recognize that Energy Providers often need to hedge prices for commodity prices for several months, or even years. Such long-term hedging activities effectively reduce potential price volatility, allow Energy Providers to enter long term agreements to procure and develop physical assets, and in turn offer their customers stable pricing options for extended periods. The imposition of position limits beyond the prompt month contracts would greatly increase the cost of doing business for Energy Providers, but without effectively alleviating any identifiable market risk.[6]

Hard position limits should not be imposed by the Commission based upon an Energy Provider's percentage of open interest in a particular contract. Energy Providers often operate in physical locations for which there is little trading activity. These firms typically hedge out price and basis risk related to their physical delivery requirements in such locations. Although exchange-traded contracts in certain products or locations can be illiquid (e.g., electricity contracts), they are still vital hedging tools to Energy Providers with applicable exposures. Position limits based upon a percentage of open interest could profoundly impact the ability of Energy Providers utilize to these important hedging tools, and in turn Energy Providers will incur significant price risk and associated costs in providing energy commodities to end users at such locations.

Energy markets can change rapidly and federal position limits might be quickly rendered unnecessary or, worse, constraining to natural and proper market developments. Thus, the Commission should implement federal position limits in a manner that is responsive in real time to changes in the energy markets. To this end, the Commission should provide market participants with a procedure for petitioning for and receiving relief from any federal position limits on a rapid basis.

D. The Bona Fide Hedge Exemption for Swap Dealers Should Be Continued.

Swap dealers play an important and unique role in the energy markets. New CFTC regulation of swap dealers should recognize the benefits to the energy markets that swap dealers provide. Federal position limits and other regulatory measures should be carefully tailored to not hinder the role of swap dealers in such markets.

Specifically, swap dealers make markets for energy commodities. In this role, swap dealers provide Energy Providers with efficient access to the broader energy markets. Because swap dealers make it easier for firms to access the markets, more firms can participate in the market which, in turn, enhances price discovery and liquidity.

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[6] *See Testimony of John D. Arnold, Managing Partner, Centaurus Advisors, LLC*, Hearing of the Commodity Futures Trading Commission, at 1 (August 5, 2009).

Without swap dealers, a market participant must rely on another participant being in the market at the same time and looking for the opposite end of any trade. Finding such a counterparty may be difficult and expensive. Swap dealers bridge this gap, and provide Energy Providers with a counterparty with which it can trade and put on tailored hedges in an efficient manner, driving its trading costs down. Swap dealers accomplish this by trading with its customer on the terms requested by the customer, and then using its expertise and market access to offset that trade in the market.

New regulation by the CFTC should provide swap dealers with sufficient exemptions from the CEA that will allow swap dealers to continue providing value and efficiency to Energy Providers. For example, with respect to federal position limits, a swap dealer should be permitted to use the "bona fide hedge" exemption when offsetting a trade with an Energy Provider. This "look-through" exemption recognizes the role of swap dealers as intermediaries between their clients and the market. To utilize the "look-through" exemption, swap dealers should maintain adequate documentation that identifies certain counterparties as Energy Providers. This documentation can be subject to CFTC review by request.[7]

The Commission should not, however, eliminate on a blanket basis hedging exemptions currently available to swap dealers merely because they have the ability to trade energy commodities in a proprietary manner. The wholesale elimination of hedge exemptions will likely result in harm to Energy Providers and other commercial firms that transact with swap dealers for hedging purposes. The Working Group takes the position that any new regulation of swaps dealers should be tailored to precisely and effectively address perceived risk associated with the proprietary trading activities of swap dealers without harming their role as market markers for Energy Providers and limiting the efficiencies they bring to energy markets in that role.

Finally, any new CFTC regulation with respect to swap dealers should carefully define which market participants are "swap dealers." If this term is defined too broadly, many Energy Providers could be inadvertently included and, thus, subjected to unnecessary regulation. For example, some Energy Providers actively buy and sell similar contracts in the market. These firms engage in such trading for several reasons, including hedging. However, if an Energy Provider were inadvertently swept into the definition of a swap dealer, it could materially hinder its business and its ability to hedge.

E. The Commission Should Not Limit the Integral Role That Commodity Investing Plays in Well-Functioning Energy Markets.

The imposition of federal position limits by the Commission should not reduce the benefits to the energy market provided by sophisticated commodity investors.[8]

Many sophisticated participants in energy markets trade to profit from price movements, but are not commercial users or swap dealers. The for-profit trading activities of these sophisticated participants perform a legitimate and necessary role in helping to ensure the operation of well-functioning energy markets. Specifically, they: (1) provide a depth of views regarding energy market fundamentals; (2) enhance liquidity in energy markets; and (3) perform a critical and reliable price discovery function.[9]

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7 This approach is similar to the Federal Energy Regulatory Commission's approach to compliance and enforcement matters which effectively places the burden on market participants to demonstrate compliance with the applicable regulatory requirements.

8 "Commodity Investing," as used in this section, refers to active trading activity by non-commercial market participants. The Working Group has not adopted a position with respect to passive trading activity, such as index trading.

9 *See Testimony of Donald Casturo, Managing Director, Goldman, Sachs & Co.*, Hearing of the Commodity Futures Trading Commission, at 2 (July 29, 2009) ("*Casturo Testimony*") (stating that "speculators attempt not only

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They also allow commercial firms, particularly Energy Providers, to effectively and efficiently offset price risk. Such trading activity ultimately benefits American consumers by helping to converge pricing between producers and end users.

Regulators, academics and market participants have recognized the beneficial role that commodity investing by such sophisticated participants plays in energy markets. For example, in the Commission's hearings about federal position limits, Chairman Gensler observed:

> The CFTC recognizes the importance of speculators to the effective operation of futures markets – markets that benefit the American public. They allow farmers, grain elevator owners, oil producers and oil users to hedge their risk and have a marketplace where prices are determined in a fair and orderly way. Speculators who do not necessarily grow the wheat or store the oil provide necessary liquidity by being on the other side of the trade with the farmer and the oil producer. If a wheat producer or an oil producer wants to be certain of the price that they will get, or if a utility company wants to be certain of the price of natural gas they will purchase, they need speculators. Speculators have been at the heart of the futures markets for more than a century.[10]

Consistent with testimony received by the Commission, large increases and decreases in commodity prices might occur for reasons other than the trading activity of commodity investors.[11] For example, price movements are traditionally explained by the intersection of supply and demand. For energy commodities, these elements can change dramatically due to global events that are entirely unrelated to profit motive. Inversely, it is possible to have an almost unlimited number of speculative trades for a commodity which, if roughly balanced between long and short, would not result in a material change in price.

The Commission also should be mindful that, regardless of a trader's motivation, for every trade there must be an inherent balance between parties with opposite views. Given these objective market forces, it is not clear whether commodity investing adversely affects the operation of energy markets. The Working Group is concerned that the adoption of federal position limits will require the Commission to take a position in that debate before it has a high degree of certainty and understanding regarding actual market impacts of commodity investing.

If federal position limits are designed to prevent manipulative trading, then they should be imposed only when such manipulative trading is observed. As noted in testimony before the Commission, commodity investing by sophisticated participants is distinctly different from market manipulation and should be treated as such.[12] In contrast to the legitimate and beneficial role that commodity investing plays in well-functioning energy markets, market manipulation offers no benefits to

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to assess the price relative to its current fundamentals, but assess the commodity price relative to its forward supply and demand fundamentals as well.").

10 *Gensler July 28 Statement* at 2. *See also Opening Statement of Commissioner Jill Sommers*, Hearing of the Commodity Futures Trading Commission, at 1 (July 28, 2009) (explaining that ". . . speculation is a necessary component of healthy markets. It is speculators who take on the risk that hedgers seek to shed and provide the liquidity that is the lifeblood of futures trading.").

11 *Testimony of Elliot Chambers, Chesapeake Energy Corporation's Corporate Finance Manager,* Hearing of the Commodity Futures Trading Commission, at 5 (August 5, 2009).

12 *Masters Testimony* at 2; *Casturo Testimony* at 2.

the market. Manipulation, by definition, impairs the operation of well-functioning markets by distorting or dictating prices in defiance of market fundamentals.

Therefore, to avoid impairing the operation of well-functioning markets, the Commission must follow Chairman Gensler's statements that objectively recognize the real and legitimate role that commodity investing plays in energy commodities markets and refrain from adopting policies that would limit the participation of sophisticated participants in such markets.

F. A One-Size-Fits-All Regulatory Approach For Imposing Federal Position Limits Across Commodity Markets Is Not Appropriate.

In his opening statement, Chairman Gensler asserted that a one-size-fits-all approach to regulating futures markets was appropriate. In relevant part, he stated:

> I believe that the CFTC's mission is to protect the interest of the American public, and it should be this agency that sets the rules and regulations on our futures markets. As we move forward in considering position limits, I believe that we should apply consistent, across-the-board regulations to all futures market participants. With competing exchanges, regulations must be applied equally to similar contracts in different markets. The CFTC is in the best position to apply limits across different exchanges, and we are most able to strike a balance between competing interests and the responsibility to protect the American public.[13]

Subsequently, Chairman Gensler stated that, in his view, the CFTC was the appropriate body for setting federal position limits in energy markets:

> As I stated at yesterday's hearing, I believe that the CFTC has a duty to protect the American public from fraud, manipulation and excessive speculation. Thus, it should be the CFTC that sets position limits on energy market participants. We have the statutory authority, and we are the most able to strike a balance between competing interests and the public interest.[14]

The Commission's actions to prevent excessive speculation and manipulation in energy markets are consistent with its statutory obligations under the CEA.[15] However, in fulfilling these obligations, the Commission must acknowledge the unique nature and characteristics of energy markets. It should not assume that the purported benefits of imposing federal position limits in one market (*e.g.*, for agricultural commodities) will be the same if such limits are applied consistently across different markets (*e.g.*, for energy commodities) for the following reasons.

First, with regard to the adoption of a one-size-fits-all approach to federal position limits, energy commodities currently are regulated differently from other commodity markets of finite supply, such as wheat. This reflects, in large part, that markets for certain underlying physical energy commodities, and Energy Providers participating in such physical markets, are already subject to regulation at the federal and/or State levels. For instance, in addition to the broad anti-manipulation and anti-fraud provisions of

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[13] *Gensler July 28 Statement* at 4.

[14] *Opening Statement of Chairman Gary Gensler*, Hearing of the Commodity Futures Trading Commission, at 1 (July 29, 2009).

[15] 7 U.S.C. § 1 *et seq.*

the CEA, Energy Providers are generally subject to other regulatory requirements prohibiting similar conduct.[16]

Second, many energy markets are highly liquid. Given the liquidity of most energy markets (as evidenced by the volume of trading and open interest in such markets), the size of a particular position in energy markets should not cause prices to become more volatile or adversely affect market fundamentals.

Third, the Commission must evaluate whether it has the adequate resources to effectively monitor compliance with such limits. As noted in the closing statement of Commissioner Michael Dunn, the CFTC arguably does not have sufficient resources.[17] Exchanges such as the New York Mercantile Exchange ("NYMEX") or IntercontinentalExchange Inc. ("ICE") have such resources to perform this function. Therefore, to ensure that scarce resources available to the Commission are allocated efficiently and effectively as possible, responsibility for administering federal position limits should be delegated to the exchanges.

Through delegation, the Commission can leverage the existing expertise of exchanges to impose and monitor compliance with position limits. Exchanges possess significant in-house expertise regarding the nature and characteristics of energy markets, the energy commodity contracts traded within such markets, and the major participants in such markets. Further, delegation would conserve CFTC resources for more prudential matters and not diminish the CFTC's role to set and enforce position limits.

G. The CFTC Should Not Seek Statutory Authority to Impose Federal Position Limits in the OTC Market for Certain Transactions.

Federal position limits should not be imposed on the OTC markets for transactions that are highly customized or entail physical delivery. Position limits also should not be imposed for contracts where there is no significant price discovery or the related market is not liquid.[18] Energy Providers must have markets where they can enter into such trades. Such markets allow each firm to efficiently tailor its trading to address circumstances and risks that are unique to such firm. Any diminution of the OTC markets due to new regulation will hurt the day-to-day business of Energy Providers. As discussed above, the inability of Energy Providers to trade in a robust, efficient market will ultimately hurt American consumers. Thus, the CFTC should not seek the authority from Congress to impose such position limits in the OTC markets.

The imposition of position limits in the OTC market will result in less liquidity in the market. Position limits, by their nature, limit the extent to which a market participant can express a view with respect to the value of a commodity. For exchange markets, this may be appropriate for speculative trades. However, the OTC market currently allows a market participant to take such a view (and,

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[16] For example, the wholesale natural gas and electricity trading operations of Energy Providers are subject to broad anti-manipulation authority granted to the Federal Energy Regulatory Commission under Section 4A of the Natural Gas Act, 15 U.S.C. § 717c-1 and Section 222 of the Federal Power Act, 16 U.S.C. § 824v. Similarly, other Energy Providers are subject to the recent final rule prohibiting fraud or deceit in wholesale petroleum markets and omissions of material information that are likely to distort petroleum markets issued by the Federal Trade Commission on August 6, 2009. *See Prohibitions On Market Manipulation in Subtitle B of Title VIII of The Energy Independence and Security Act of 2007*, Final Rule, RIN 3084-AB12 (Aug. 6, 2009)(as yet unpublished in the Federal Register); Codified at 16 C.F.R. § 317 (2009).

[17] *Closing Statement of Commissioner Michael V. Dunn*, Hearing of the Commodity Futures Trading Commission, at 2 (Aug. 5, 2009)

[18] The Working Group does not hold a view regarding the propriety of the CFTC seeking authority to impose position limits on highly standardized contracts that trade in the OTC markets.

importantly, one or more other market participants to take the opposing view). The execution of each such trade, regardless of size, promotes price discovery and liquidity. The CFTC would be prudent in maintaining one market in the United States where unique trades can be executed without any shaping by regulation.

The U.S. economy benefits from having a robust OTC market. Prices for energy commodities can be easily established for the very markets in which such commodities are delivered and consumed. In addition, the trading markets provide thousands of jobs to American consumers. Regulation of the OTC markets by the CFTC will provide trading firms with incentives to trade in markets where trades are not subject to shaping by regulation. As firms trade in foreign markets, the local markets will lose participants and liquidity will suffer.

The CFTC should not seek additional authority from Congress to regulate the OTC markets for energy commodities with respect to highly tailored contracts, transactions that involve physical delivery, or for which there is not significant price discovery or liquidity. The enforcement powers of the CFTC are already sufficient to police such markets.

H. Federal Position Limits Will Not Have a Uniform Effect in Energy Markets.

When setting federal position limits in energy markets, the Commission should be mindful that not all Energy Providers are similarly situated and the burden of regulation may be disproportionate. Some firms rely more than others on hedging transactions in energy commodities markets to prudently manage cost risk. There are sound and legitimate reasons why some Energy Providers hedge more than others, including business strategy and capital structure. To effectively hedge, these Energy Providers rely on such markets being liquid. If the markets are not liquid, then the cost of hedging for a firm goes up. Consequently, if one firm hedges more than its competitor and new regulation increases the cost of hedging, then that firm is disproportionately affected by the regulation.

The Working Group is concerned that Energy Providers could be disproportionately affected by federal position limits. The imposition of such increased costs will not only disadvantage these firms vis-à-vis their competitors, it will ultimately harm competition in wholesale energy markets, which, in turn, could result in increased energy prices. Unless a segment of the market is putting the entire market in jeopardy, there is little reason to impose position limits that will affect market participants differently. To do otherwise could (1) distort competition among commercial users, particularly Energy Providers, (2) impair the competitiveness of physical energy markets, and (3) increase prices for physical energy commodities. Increased costs for physical energy commodities will ultimately be borne by American consumers.

III. CONCLUSION.

The energy markets are complex and touch almost all aspects of the U.S. economy. Thus, the Commission must exercise a high degree of care in introducing new regulatory requirements into such markets. Without question, federal position limits in the energy markets will result in costs to Energy Providers, the energy markets as a whole and, ultimately, on American consumers. The Commission, therefore, must strike a balance between the perceived benefits of federal position limits and the inevitable costs.

Energy providers are significant participants in energy commodities markets where they trade to remove risks associated with their core business of delivering electricity, heating oil, natural gas, propane, gasoline and other energy commodities at affordable prices to American consumers. These firms do not present the market and system risks that federal position limits will be designed to prevent. Accordingly, the Commission should be careful to assure that the costs of imposing federal position limits do not adversely affect the day-to-day operations of Energy Providers.

CFTC AUTHORITY TO IMPOSE FEDERAL POSITION LIMITS

1. Existing Authority.

Federal position limits have been a tool for the regulation of the U.S. futures markets since the adoption of the Commodities Exchange Act in 1936, as amended ("CEA").[19] To protect futures markets from excessive speculation that can result in "unreasonable or unwarranted price fluctuations," CEA Section 4a(a) provides the CFTC with the authority to fix limits on the amounts of trading which may be done or positions which may be held by any person under contracts for sale of such commodity for future delivery.[20] Under Section 4a(a), the CFTC may only impose position limits on contracts that are on, or subject to the rules of any contract market or derivatives transaction execution facility, or on an electronic trading facility with respect to a significant price discovery contract.

The statutory framework providing for position limits was supplemented with the passage of the Futures Trading Act of 1982, which added CEA Section 4a(e). Section 4a(e) expressly recognizes the role of exchanges in setting their own speculative position limits and provides that limits set by exchanges and approved by the CFTC would be subject to CFTC enforcement. More recently, the Commodity Futures Modernization Act of 2000[21] established designation criteria and core principles with which a designated contract market ("DCM") must comply to receive and maintain designation. Among these, Core Principle 5 states as follows:

> <u>Position Limitations or Accountability</u> **--** To reduce the potential threat of market manipulation or congestion, especially during trading in the delivery month, the board of trade shall adopt position limitations or position accountability for speculators, where necessary and appropriate.

In addition to the CFTC and DCMs, exempt commercial markets ("ECMs") with contracts that serve a significant price discovery function ("SPDCs") are responsible for setting and enforcing position limits. Specifically, pursuant to CEA Section 2(h)(7), ECMs on which SPDCs are traded must comply with certain enumerated "core principles," including the adoption of position limits for SPDCs. The CFTC has adopted "Acceptable Practices" for the establishment of ECM-established position limits which are set forth in Appendix B to Part 36 of its regulations.[22] With the exemption of SPDCs traded on ECMs, the CEA does not provide the CFTC with the authority to impose federal position limits with respect to OTC derivatives contracts traded in private markets.

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[19] 7 U.S.C. § 1 *et seq.*

[20] 7 U.S.C. § 6a(a). Specifically, CEA Section 4a(a) provides that excessive speculation in any commodity under contracts of sale of such commodity for future delivery made on or subject to the rules of contract markets or derivatives transaction execution facilities, or on electronic trading facilities with respect to a significant price discovery contract, causing "sudden or unreasonable fluctuations or unwarranted changes in the price of such commodity, is an undue and unnecessary burden on interstate commerce in such commodity."

[21] H.R. 5660; P.L. 106-554.

[22] 17 C.F.R. § 38, Appendix B (2009).

2. CFTC Authority to Prevent Market Manipulation.

A key issue associated with concerns regarding excessive speculation in energy markets in 2007-2008 is whether the lack of federal position limits for energy commodities created opportunities for manipulation. At present, several energy commodities transacted in futures markets and in SPDCs transacted on ECM-based OTC markets are subject to exchange mandated positions. However, legislators, regulators, and consumer groups have raised concerns that excessive speculation took place in energy markets for purposes of manipulating and distorting/dictating prices in defiance of market fundamentals. To date, however, the CFTC has not established that manipulation, through the form of a classic "corner" or "squeeze," was behind such run-ups in 2007-2008 energy prices or that the affected energy commodity market fundamentals were flawed.

The CFTC has broad and well-established statutory authority to address, prohibit, and penalize both alleged and attempted manipulation and fraud in futures and OTC markets. Specifically, under Section 9(a)(2) of the CEA, it is unlawful for "any person to manipulate or attempt to manipulate the price of any commodity in interstate commerce, or for future delivery . . . or corner or attempt to corner any such commodity or knowingly deliver or cause to be delivered . . . false or misleading or knowingly inaccurate reports concerning . . . market information or conditions that affect or tend to affect the price of any commodity in interstate commerce."[23]

Pursuant to Sections 2(h) and 2(g) of the CEA, entities transacting on OTC derivatives and swaps markets are subject to the CFTC's anti-manipulation and anti-fraud authority. Any attempts by market participants to corner or squeeze energy commodity markets to distort or dictate prices in defiance of market fundamentals are clearly subject to the provisions of Section 9(a)(2) of the CEA. The potentially substantial civil penalties that may be imposed for violations of Section 9(a)(2) are and continue to be a significant deterrent to manipulative conduct.

Importantly, where appropriate, the CFTC has not been hesitant to use its anti-manipulation and anti-fraud authority in energy markets. Although the CFTC's enforcement efforts have generally focused on price reporting and natural gas trading practices, the agency has also prosecuted members of the electric industry for market manipulation.[24] For example, through mid-2007, the CFTC brought enforcement actions against 55 companies and energy traders for wash trading, false reporting, attempting to manipulate, or actually manipulating wholesale energy markets. The CFTC takes the position that these cases should put traders on notice that physical, financial, and futures markets can be interrelated, and any illegal off-exchange conduct that tends to affect energy markets will not be tolerated.[25]

Accordingly, under Section 9(a)(2) of the CEA, the CFTC has broad existing authority to protect against potential manipulation and fraud in OTC derivatives markets for energy commodities.

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[23] 7 U.S.C. § 13(a)(2).

[24] *See, e.g., CFTC v. Valencia*, 394 F.3d 352 (5th Cir. 2004) (defendant indicted for charges that, in violation of the CEA, she knowingly reported to *Inside FERC* the volume and price data on natural gas trades that never occurred); *CFTC v. Diplacido*, CFTC No. 01-23 (2004) (market manipulation action against Avista Energy and NYMEX floor broker charging that broker manipulated NYMEX power futures contracts to profit on OTC options); and *CFTC v. Amaranth Advisors, LLC*, No. 07-Civ-6682 (S.D.N.Y. 2007) (CFTC alleges that the defendants attempted to manipulate the natural gas market on NYMEX by "hammering the close").

[25] *See CFTC News Release*, No. 5300-07 (Mar. 14, 2007).

From:	Mary.Irwin@ubs.com
To:	energyhearingcomments;
Subject:	Energy Hearing Comments
Date:	Wednesday, August 12, 2009 5:00:12 PM
Attachments:	final EH Comment Letter.doc disclaim.txt

<<final EH Comment Letter.doc>>

Attached please find the comments of UBS with respect to the recent energy trading hearings.
If you have any questions, please feel free to contact me at (312) 525-6643.

Regards,

Mary Irwin
Executive Director, Futures Counsel
UBS Securities LLC

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Greg Morris, Managing Director
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June 18, 2009

Mr. David Stawick
Secretary
Commodity Futures Trading Commission
1155 21st Street, NW
Washington, DC 20581

RE: Energy Hearings Comments

"Whether to Eliminate the Bona Fide Hedge Exemption for Certain Swap Dealers and Create a New Limited Risk Management Exemption from Speculative Position Limits"

Dear Mr. Stawick:

UBS AG and UBS Securities LLC (collectively "UBS") appreciate the opportunity to submit comments on the above-referenced Commission Hearings on Speculative Position Limits in Energy Futures Markets. UBS is a provider of a wide array of commodity index investment products to its clients. Many of these products reference the UBS Bloomberg Constant Maturity Commodity Index (CMCI) and the Dow Jones-UBS Commodity Index (DJ-UBS CI, formerly DJ-AIG CI)). DJ-UBS CI and CMCI are broad-based commodity indices comprised of 19 futures contracts and 26 futures contracts respectively, and they trade on all of the major U.S. exchanges as well as some non-US exchanges. DJ-UBS CI is a widely used commodity index and an internationally referenced economic benchmark for commodities prices. The index is governed by rules which cover diversification by sector and allowed concentration/weighting for individual commodities. CMCI further diversifies contract exposure by spreading individual commodity weighting in the index across the available and liquid futures contracts for each commodity (from three months to as long as three years depending on the specific commodity). Both of these commodity indices are highly transparent, with intra-day and daily closing levels available via reporting channels such as Reuters and Bloomberg. Information on the daily closing and settlement prices of the futures contracts that make up the index is available on the websites of the respective futures exchanges, and other sources of real time data on the contracts is available by subscription from several real-time quotation vendors.

Energy futures are a key component of these indicies. As our attached comment on the Concept Release on Bona Fide Hedging sets out, and as discussed during the recent CFTC hearings, there are many reasons for the CFTC to continue to study the impact of those using energy futures markets to hedge financial exposures, including index swaps dealers.

The same is true of those in the non-energy commodities markets; as we stated in our comment, the demand for diversification into commodities generally within investment portfolios is large, defined and growing. We agree with those who testifed at the recent hearings who believe that disallowing the hedging of financial exposures by barring or limiting related hedge exemptions would not significantly change the market. Investors make a fundamental decision to diversify their investment portfolios by investing in commodity futures indices; they do so through dealers because it is the most efficient way for them to implement their decision. The proposed change could very well (i) force this business onto non-U.S. markets without direct Commission oversight or (ii) cause most of these investors to seek alternative, more expensive ways to access this exposure.

The other points we would like to emphasize with respect to financial hedging in general, and commodity index investing in particular, follow below:

1) Empirical evidence does not indicate an adverse impact on commodity prices; in fact, in many cases, the reverse is true.

2) The Commission has recognized the legitimate need of index dealers to hedge exposures taken on as a result of providing diversification to individuals, mutual funds, pension plans, endowments, etc. Such dealers, who are merely passively passing on their exposures to the futures markets, are neutral to market direction. Their hedge exemptions do not extend into the final month of trading prior to expiration, thus greatly reducing any impact on physical market prices.

3) Likewise, ETF providers also merely transfer exposures resulting from their customers' risk transfers to the futures markets. The testimony demonstrated that these exposures did not push up energy prices during the recent volatile market period under review.

4) Before proposing any new rules, we suggest that the CFTC release the data that it has been collecting since September 2008 under its Special Call, so that market participants and any others who are being asked for comments on any new rules may have a chance to perform their own analysis of this raw data from their perspective .

We support additional routine reporting requirements that would allow the Commission and the public greater transparency with respect to these types of trading activities, so that Commission decisions in this area can continue to reflect sound judgment based on empirical findings.

I have attached our previous comment letter on the Commission's Concept Release on Bona Fide Hedging for further information about our position on these issues.

Very truly yours,

Greg Morris
Managing Director
UBS Securities LLC

Enclosures: UBS Comment Letter, dated June 18, 2009 βχ

Mr. David Stawick
Secretary
Commodity Futures Trading Commission
1155 21st Street, NW
Washington, DC 20581

RE: Response to CFTC Request for Public Comments: "Whether to Eliminate the Bona Fide Hedge Exemption for Certain Swap Dealers and Create a New Limited Risk Management Exemption from Speculative Position Limits"

Dear Mr. Stawick:

UBS AG and UBS Securities LLC (collectively "UBS") appreciate the opportunity to submit its comments on the above-referenced Concept Release. UBS AG is a provider of commodity index trading vehicles to its clients, specifically, the UBS Bloomberg Constant Maturity Commodity Index (CMCI) and the recently acquired Dow Jones-UBS (formerly American International Group ("AIG")) Commodity Index (DJ-UBS CI (previously DJ-AIG CI)). The DJ-UBS CI and the CMCI are broad-based commodity indices comprised of 19 futures contracts and 26 futures contracts respectively, and the respective exchanges where they are traded include all of the major U.S. exchanges as well as some non-US exchanges. The DJ-UBS is a widely used commodity index and an internationally referenced economic benchmark with rules regarding diversification by sector and individual commodity. The CMCI was launched in early 2007 and further diversifies contract exposure by time from three months to as long as three years depending on the specific commodity. These indices are highly transparent with intra-day and daily closing levels of the index available on reporting channels such as Reuters and Bloomberg. Information on the daily closing and settlement prices of the futures contracts that make up the index is available on the websites of the respective futures exchanges, and other sources of real time data on the contracts is available by subscription from several real-time quotation vendors, including Reuters and Bloomberg. Any adjustments to the indices are published on the Dow Jones and UBS websites.

The demand for pension plan diversification is large, defined and growing. Private sector pension plan investments are governed by ERISA. Although public sector pension plans are governed by state law, many states have adopted standards similar to ERISA. Under ERISA regulations, a pension plan fiduciary must observe a "prudent man" standard of care and, among other things, must diversify plan investments to minimize the risk of large losses. It has become acceptable under this diversification requirement for pension plan managers to invest in commodity index vehicles. Therefore, there is a sizable and growing need for diversified risk management vehicles for pension plans.

Similarly, this current economic crisis has also given rise to increased demand for diversification of investments for endowments and foundations.

The Commission's Recognition of Hedging (Or Risk Management of) Financial Risks

As the hedging of financial risks has increased over the past 20 years, we believe that the CFTC's recognition of the legitimate nature of such hedging has been appropriate.[1] Swaps market participants as well as swap dealers holding positions on behalf of their swaps customers have been eligible for exemptions from speculative position limits when hedging the associated financial risks.

The Definition of "Hedging" with Respect to Financial Risk Mitigation

In order to determine whether an applicant for an exemption is justified, the Commission has had to make a determination about the definition of "hedging" in many different contexts.[2]

In its 1987 Federal Register release on hedging[3], the CFTC recognized financial exposures as risks that could legitimately be mitigated by utilizing futures markets and deserving of an exemption from speculative limits. (We suggest terming this "financial hedging" (or warranting a "risk management exemption") as opposed to "commercial hedging."[4]

Consistent with the CFTC's treatment of the mitigation of risks arising from commercial activities, the CFTC allows exemptions from speculative position limits for the mitigation of financial risks (or "risk management exemptions"). These investors are not speculators – they have net long positions in financial markets and are using those positions to hedge inflation and financial risk that exists elsewhere in their portfolios. Like traditional commercial hedgers, these futures market participants are using futures for risk mitigation.

Commodity Index Futures Trading

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[1] We suggest that the Commission consider changing its terminology with respect to the terms "bona fide hedging" and "risk management." The definition of "bona fide" is "1. characterized by good faith and lack of fraud or deceit; 2. valid under or in accordance with the law; 3. made with or characterized by sincerity; or 4. being real or genuine. ("*bona fide."* In *Webster's Revised Unabridged Dictionary.* Source location: MICRA, Inc. http://dictionary.reference.com/browse/bona fide>.) Since the activity of mitigating risk with respect to physical market exposures is also actually 'risk management' and the financial exposures mitigated by hedging financial exposures are real, 'bona fide' risks, we suggest using the terms "commercial hedging and "financial hedging."

[2] Pursuant to Section 4a(a) of the Commodity Exchange Act ("CEA"), the Commission is charged with establishing and enforcing speculative position limits for futures and options contracts on some agricultural commodities. Those limits are listed at § 150.2 of the Commission's regulations. Section 150.3(a) of those regulations provides that certain positions may exceed the limits, including *bona fide* hedging transactions, as defined in Regulation 1.3(z). Section 1.3(z)(3) provides that, in addition to certain enumerated hedging transactions listed in § 1.3(z)(2), the Commission may recognize other transactions and positions as *bona fide* hedging in accordance with requirements set out in § 1.47 of the regulations.

[3] The Commission's 1987 interpretation clarified the hedging definition "to include certain investment strategies of institutional investors, such as through acquiring a long position in Treasury bond futures to hedge against interest rate exposure." 52 FR 27195 (July 20, 1987).

[4] Commercial hedging could be defined as the mitigation of risks arising from a market participant's management of a commercial enterprise, arising from: 1) The potential change in the value of assets which a person owns, produces, manufactures, processes, or merchandises or anticipates owning, producing, manufacturing, processing or merchandising; 2) The potential change in the value of liabilities which a person owns or anticipates incurring; or 3) The potential change in the value of services which a person provides, purchases or anticipates providing or purchasing.

Another way in which financial risk is mitigated is through long positions in a wide range of commodity futures. These types of instruments are used to diversify portfolios and hedge against inflation. There are several ways in which these participants mitigate their risks. They may choose to create a basket of commodity exposures, which they trade as individual futures positions, with concomitant rollover issues. However, pension funds, endowments and other institutional investors, as well as individuals are much more likely to trade commodity index swaps directly with a swaps dealer or through commingled vehicles such as commodity index mutual funds.

As shown in many empirical studies (discussed later in this letter), these index investors, either directly or through a swaps dealer, have been proven to promote market stability by increasing liquidity, thus enabling more efficient hedging by commercial hedgers. These index traders, as well as their intermediaries, should be granted exemptions from speculative position limits.

In 2006, recognizing that commodity index trading could provide an effective hedge against inflation and other portfolio risks, the CFTC's Division of Market Oversight issued two interpretive letters in response to hedge exemption requests relating to index trading.
The Commission granted no-action relief from the speculative position limit provisions of § 150.3 of the regulations based on the Commission's finding that these passive index trading activities (similar to those of an index provider) constituted hedging transactions in that they were "economically appropriate to the reduction of risks in the conduct and management of a commercial enterprise."[5] In that case, like an index provider, the petitioner's only objective was to track the index over time (through acquiring long futures positions), using a nondiscretionary methodology, with no investment objective to "achieve capital appreciation." These investors are not seeking to take a view on one specific market. Therefore, the Commission agreed that the petitioner should be viewed as "akin to a commercial enterprise that is in the business of investing and reinvesting in long futures positions in the index commodities with no intent to speculate in the futures market and which poses no "danger of excessive speculation." '[6]

In these two letters, CFTC staff stated that the use of the futures markets by funds to provide their investors with a commodity-index exposure represented a legitimate and potentially useful investment strategy.

Based on the Commission's determination that this index trading was indeed bona fide hedging as defined in Reg. 1.3(z), no-action relief was granted under the following conditions:

1. The futures trading activity passively tracks a widely recognized commodity index.
2. The futures trading activity is unleveraged.
3. The futures trading profits/losses are passed along to investors.
4. Positions in excess of the speculative limits are not carried into the spot month.

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[5] This determination is consistent with the Commission's 1987 interpretation clarifying the hedging definition "to include certain investment strategies of institutional investors, such as through acquiring a long position in Treasury bond futures to hedge against interest rate exposure." 52 FR 27195 (July 20, 1987).

[6] CFTC Interpretive letter 2006-09?

In today's futures markets, commodity index trading, which is commonly subject to the above conditions, has been studied extensively to determine whether there is an adverse impact on commodity futures market prices. More recently, given the run-up in prices of a broad range of physical commodities since mid-2008, the impact of index trading has also become the subject of public debate.

One of the issues that has arisen in conjunction with these studies is the relative paucity of publicly available data on trading done for the purpose of 'financial hedging' or pursuant to "risk management exemptions." We support the Commission's efforts to differentiate between these risk management activities and speculation by creating a new category of trading for inclusion in its Commitments of Traders ("COT") reports. We also encourage the Commission to continue to use its Special Call capabilities to review the underlying data and further examine its impact.

In late 2008, the GAO was commissioned to, among other things, review these empirical studies. As reported by the GAO in its December 2008 Briefing to the House Committee on Agriculture,[7]

> "Although not included in the enclosed briefing slides, we also are providing information on the results of our review of studies analyzing the impact that index traders and other futures speculators have had on commodity prices. Through our literature search, we identified eight empirical studies and three qualitative studies. ..Unlike the empirical studies, the qualitative studies do not use experimental or statistical controls to evaluate the causal relationship between speculative trading and commodity prices and, thus, do not provide a systematic way to assess the empirical veracity of the causal relationship. Importantly, the eight empirical studies we reviewed generally found limited statistical evidence of a causal relationship between speculation in the futures markets and changes in commodity prices – regardless of whether the studies focused on index traders, specifically, or speculators, generally. Four of the studies used CFTC's publicly available Commitments of Traders (COT) data in their analysis, and their findings should not be viewed as definitive because of limitations in that data. For example, the public COT data are issued weekly, and analyses using such data could miss the effect of daily or intraday changes in futures positions on prices. Also, these data generally aggregate positions held by different groups of traders and, thus, do not allow the effect of individual trader group positions on prices to be assessed. Two of the studies we reviewed involved CFTC staff and used non-public COT data that included positions reported more frequently and separated positions held by different trader groups. However, similar to the studies that used the public COT data, the studies using the non-public data also found limited evidence that speculation was affecting commodity prices. In addition, all of the empirical studies we reviewed generally employed statistical techniques that were designed to detect a very weak or even spurious causal relationship between futures speculators and commodity prices. As [a] result, the fact that the studies generally did not find statistical evidence of such a

[7] GAO Report Number GAO-09-285R, "Issues Involving the Use of the Futures Markets to Invest in Commodity Indexes," released February 5, 2009.

> relationship appears to suggest that such trading is not significantly affecting commodity prices at the weekly or daily frequency."[8]

Again, while these studies could be more conclusive had the requisite data been more granular, the conclusion of one of the more detailed studies cited by GAO[9] is illustrative of the general trend of all cited studies:

> "While the analysis in this report does not test [for] directly for price impacts, it does provide some pertinent evidence in this regard. First, if there is a market impact from index fund activity, it seems likely that it would have occurred during the period of most rapid growth: 2004-2005. Second, the stabilization of the index funds' percent of total open interest may suggest that other traders have adjusted their strategies to better cope with this relatively new market participant. Third, Working's speculative index suggests that long-only index funds may in fact be beneficial in markets dominated by short hedging pressure. That is, they improve the adequacy of speculation by helping the market to "carry" unbalanced short hedging. However, the traditional notion that hedging begets speculating may need to be revisited. The relatively normal level of speculation over the sample period raises some doubt as to whether index funds are behind recent commodity price increases."

> "Much like in the last major episode of structural change in commodity markets in 1972-1975, some are blaming speculators for the recent increase in commodity prices. Proposals are once again surfacing to increase margins in an effort to curb 'harmful' speculation in futures markets. Such policy decisions aimed at curbing speculation may well be counter-productive in terms of price levels or market volatility. In particular, these policy initiatives could severely compromise the ability of futures markets to accommodate hedgers and facilitate the transfer of risk."

Another way of examining the impact of commodity index trading on futures market pricing is to compare the futures markets which are included in indexes with those that are not:

> "There are additional reasons to be skeptical about the assertion that speculation has led to bubbles in agricultural futures prices over the last two years. First, the research presented in this report shows that the level of speculation in agricultural futures markets….is not outside of historical norms. If speculation is driving prices above fundamental values, it is not obvious in the level of speculation relative to hedging. Second, recent price increases do not neatly fit a bubble explanation. As shown in Figure 14, price increases are concentrated in the grain and oilseed markets. Yet, the highest concentration of long-only speculative positions is often in the livestock futures markets (Table 3), which generally did not participate in the

[8] Id, pp. 5-6.

[9] Sanders, D.R., S.H. Irwin, and R.P. Merrin. "The Adequacy of Speculation in Agricultural Futures Markets: Too Much of a Good Thing?" Marketing and Outlook Research Reprot 2008-02, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, June 2008, at pp. 17-18. [http://www.farmdoc.uiuc.edu/marketing/morr/morr_archive.html]

> price increases and for which index funds are rarely mentioned as problematic. It is difficult to rationalize why speculation by index funds would only impact particular agricultural futures markets. Third, very high prices have been observed for commodities without futures markets (e.g., durum wheat and edible beans) and in agricultural futures markets that are not included in popular commodity indices (e.g., rice and fluid milk). To assert that the commodity markets are being driven higher by a speculative bubble ignores historically low world grain inventories and other market fundamentals that are broadly driving commodity prices higher. Fourth….if speculators create a bubble in futures prices for storable commodities, this also creates an incentive to store commodities because prices in the future exceed levels normally required to compensate inventory holders for storage. We should therefore observe an increase in inventories when a bubble is present. In fact, inventories for grains and oilseeds have fallen sharply over the last two years."[10]

The conclusion that futures contracts which are not included in a traded commodity index experience the same or increased upward price movement, while some futures contracts that are included in indexes may have declining prices certainly detracts from claims that commodity index trading leads to increased futures prices.

Swaps Dealers' Exemptions

When index investors, such as pension plans, endowments or individuals, choose to mitigate their risks through the use of over-the-counter swaps based on commodity indices, their intermediary index swaps dealers absorb their risks and should be granted similar relief from speculative position limits. These swap dealers are engaged in the commercial enterprise of providing OTC commodity index exposure to their clients and, their resultant risks are very similar to those of a 'commercial' hedger. Swap dealers should be allowed to mitigate their risks with exemptions based the same conditions, above, (i.e., passive, unleveraged trading that does not take place in the delivery month) as applied to index traders themselves.

Index swaps dealers should be able to rely on the representations of their clients for purposes of regulatory reporting.

Pension Plan Commodity Index Exemptions

The demand for pension plan diversification is large, defined and growing. Private sector pension plan investments are governed by ERISA. Although public sector pension plans are governed by state law, many states have adopted standards similar to ERISA. Under ERISA regulations, a pension plan fiduciary must observe a "prudent man" standard of care[11] and,

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[10] Id, at 15. (For purposes of this study, commodity index trading is included in the "speculative" category.) Charts and tables available at: [http://www.farmdoc.uiuc.edu/marketing/morr/morr_archive.html]

[11] ERISA Section 404(a)(1)(B) provides that a fiduciary must act "with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims."

among other things, must diversify plan investments to minimize the risk of large losses.[12] It has become acceptable under this diversification requirement for pension plan managers to invest in commodity index vehicles. Therefore, there is a sizable and growing need for diversified risk management vehicles for pension plans.

This current economic crisis has also given rise to increased demand for diversification of investments for the public at large, including pension funds of corporations, state and local government retirement plans that cover retired public service employees, endowments, charitable foundations and retail investors, among others.

Therefore, given recent market events and public discussions, this is an appropriate time for the Commission to re-examine the underlying issues with respect to the proposed new risk management exemption. In particular, we suggest that the Commission include an examination of the economic value of promoting price discovery and risk management needs of disparate market participants whose trading and transactions flow through the over-the-counter and exchange-traded markets to provide necessary market liquidity, balance and efficiency. Additionally, the Commission should examine reporting requirements to make trading associated with this new risk management category as transparent as other categories.

Furthermore, in the absence of evidence of adverse impacts of this type of trading and pending the outcome of further analysis, the CFTC should continue to issue exemptions from speculative position limits for market participants wishing to utilize futures markets to mitigate risks from financial exposures. Futures positions already held for the purpose of hedging swaps and commodity index exposures should be grandfathered into any new requirements so as to cause as little market disruption as necessary.

The amount of risk management trading allowed to swap dealers (and, therefore, the size of their hedge exemption) should be commensurate with the demand for index swaps by their clients. Commodity index swaps customers should be free to select the most desirable commodity index swap counterparty based on the creditworthiness of the swaps dealer, its pricing and trade efficiency. Since the ability of a commodity index swaps dealer to service its customers is directly related to the size of its futures hedge exemption, there should not be an overall limit on a swap dealer's futures and option positions in any one market regardless of the commercial or noncommercial nature of their clients.

A failure to grant this risk management exemption to or to limit positions of commodity index dealers would most probably not limit this index trading in futures markets. UBS agrees with the assessment that the result would be a greater number of smaller swaps dealers, rather than a dimunition of commodity index trading itself, since commodity index trading is an accepted method of diversifying portfolio risk for pension funds, endowments and other types

[12] 29 C.F.R. § 2550.404a-1(b)(1) (a fiduciary must give "appropriate consideration" to the facts and circumstances that the fiduciary knows or should know are relevant to the particular investments, including the role that the investment plays in the plan's investment portfolio;

29 C.F.R. §2550.404a-1(b)(2) (with respect to investment decisions, the concept of "appropriate consideration" includes a determination by the fiduciary that a particular investment or investment course of action is reasonably designed to further the purposes of the plan, taking into consideration the risk of loss and the opportunity for gain associated with such investment; consideration should also be given to **(1) the diversification of the investment portfolio**; (2) the liquidity of the investment in relation to the liquidity needs of the plan, and (3) the projected investment return in relation to the funding objectives of the plan). (Emphasis added.)

of institutional investments. Granting risk management hedge exemptions to index swaps dealers benefits pension plans in that their managers will have a wider, more creditworthy and more efficiently priced range of index swap dealers from which to choose.

UBS appreciates this opportunity to comment on the Concept Release and commends the Commission for taking a leadership role in comprehensively examining issues related to financial hedging. We believe the CFTC's evolving record with respect to its treatment of commodity index trading has been thoughtful, detailed, comprehensive and fact-based. We urge the Commission to continue this process by structuring reporting requirements so that it has the requisite data to determine the most efficient way to regulate commodity index trading. If CFTC Commissioners or staff have any questions about our comments, please contact me or Mary Irwin, our Senior Futures Counsel, at (312) 525-6643.

Very truly yours,

Greg Morris
Managing Director
Head of US Equities
Structured Products Distribution

Via: Email
Via: Overnight Mail

From: Ben Lilliston
To: energyhearingcomments;
cc: Steve Suppan;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 4:55:40 PM
Attachments: Full_CFTC_Comments.pdf

Thank you for considering the attached comments on the trading of energy and energy derivatives, submitted by Steve Suppan of the Institute for Agriculture and Trade Policy. If you have any questions, or need the testimony in a different format, please contact Steve directly at: 612-870-3413, or ssuppan@iatp.org

Best –

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Institute for Agriculture and Trade Policy

Comments for the U.S. Commodity Futures Trading Commission Hearings on the Trading of Energy and Energy Derivatives, ("Energy Hearing Comments")

Steve Suppan, Senior Policy Analyst, ssuppan@iatp.org
Institute for Agriculture and Trade Policy

August 12, 2009

Time is probably our greatest threat. The longer it takes for the recovery to begin, the greater the likelihood of serious damage to US strategic interests […] Statistical modeling shows that economic crises increase the risk of regime-threatening instability if they persist over a one to two year period.
Dennis Blair, Director of National Intelligence, Testimony to the Senate Select Committee on Intelligence, February 12, 2009

The Institute for Agriculture and Trade Policy (IATP) is a 501c3 organization headquartered in Minneapolis, Minn., with an office in Geneva, Switzerland. IATP, founded over 20 years ago, works locally and globally to ensure fair and sustainable food, farm and trade systems. IATP is grateful for the opportunity to comment on CFTC rulemaking, enforcement actions and legislative recommendations to enable commodity futures exchanges to contribute to the orderly functioning of markets that are crucial to food and energy security. In order for global economic recovery to be sustainable, and not a repeat of the bubble and bust economy of the past decade, fundamental reform of CFTC rules and futures trading practices is urgent. To avoid the political instability about which Director Blair testified, the economic recovery must not be threatened by another round of excessive speculation and extreme price volatility in commodity futures markets.

On February 2, IATP submitted testimony to the U.S. House of Representatives Committee on Agriculture concerning the Derivatives Markets Transparency and Accountability Act of 2009, (Derivatives Act) subsequently passed by the Committee[1]. We noted that excessive speculation and the resulting extreme price volatility in agricultural futures contracts made it difficult for many farmers and ranchers to forward contract, as rural bankers were unable to assess price risks with enough certainty to loan money to country elevators and other first points of sale. By June 2008, when commodity futures prices began their historic collapse, agricultural supply chains were facing a financial crisis and many farms and ranches suffered a cash flow crisis that endangered their ability to plant crops and feed livestock. Food and energy riots, due to unaffordable or unavailable food and energy commodities, broke out in at least two dozen developing countries, already suffering from skyrocketing food and energy import bills and less than the critical three month minimum of hard currency reserves.[2]

We supported Section 3 of the Derivatives Act, which would close the "swaps loophole" by requiring the CFTC to establish aggregate speculative position limits in concert with the recommendations of the Position Limit Advisory Groups stipulated in Section 6. We reiterate here our support for aggregate position limits applied to all trading venues and for the Advisory Groups. These position limits, together with the measures proposed in Section 3 to prevent regulatory arbitrage, if enforced by an adequately budgeted and staffed CFTC, will help reverse the deregulation and de-supervision that has lead to systemic violations of the Commodity Exchange Act.

Since the House passage of the "American Clean Energy and Security Act" (ACES) on June 26, it has become all the more urgent for the CFTC to establish and enforce aggregate speculation position limits. Sections 340–360 of

ACES provide the legislative authority for the CFTC to regulate the trading of carbon emissions permits and offset credit derivatives. Although the CFTC has said that it is committed to "ensuring emissions market integrity,"[3] without aggregate speculative position limits on carbon futures, the carbon market "weight of money" from unlimited speculator positions will induce extreme price volatility that could dissuade investments towards a low carbon economy.

The legislative design of primary carbon trading assumes that carbon prices will trend upward as government reduces the number of pollution permits granted and annually increases their initial legislated price. According to the U.S. Congressional Budget Office (CBO), "the price increases would be essential to the success of a cap-and-trade program because they would be the most important mechanism through which businesses and households would be encouraged to make economically motivated changes in investment and consumption that reduced CO2 emissions."[4] The cap-and-trade legislative provisions of ACES suffer from short comings too numerous and complex to analyze here. To take but one example, as Michelle Chan testified on March 26 to the House Committee on Ways and Means[5], the difficulty of verifying the GHG reduction claims of offset project developers could allow carbon derivatives investors to take profits well in advance of verification. And, we would add, there is nothing in ACES to prevent offset project developers from trading carbon derivatives—a conflict of interest similar to the many that have plagued financial markets for more than a decade.

The short-selling of carbon derivatives alone, anticipated in ACES (Section 352) and unrestricted by position limits, would tend to undermine the legislated structure to increase carbon prices. "Successful" short-selling could drive down carbon prices sufficiently to prevent cap and trade from making any demonstrable contribution to the ACES-mandated reduction of Green House Gasses. In light of ACES, the Derivatives Act and the Obama administration proposal to regulate Over the Counter Trading, the CFTC should organize hearings in the fall to consider the issues involved in regulating primary and derivative carbon markets and CFTC's capacity to regulate such markets.

In May, IATP joined the Commodity Markets Oversight Coalition (CMOC). We have helped draft and signed on to June 3 and August 5 letters to the Congressional leadership and an August 5 letter to CFTC Chairman Gary Gensler.[6] We wish to draw attention to two related issues in the August 5 letter to Congressional leadership.

Under the subtitle, "'Dark Market' Trading Is A National Security Risk," the CMOC points out that the "dark markets" of private party to private party trades not only expose the financial system to unreported counterparty risks, but to malevolent trading practices that could disrupt U.S. energy supplies and pose a national security threat. Continued regulatory and legislative inaction to allow OTC trading in these "dark markets," makes the U.S. vulnerable, in a way—not unlike the vulnerability of at least 40 developing countries—to political instability due to the economic crisis. Director of National Intelligence Dennis Blair, in his February 12 presentation to the Senate Select Committee on Intelligence emphasized that the economic crisis, triggered in part by financial services industry deregulation and de-supervision, had displaced Al-Qaeda as the number one U.S. national security threat.[7]

It has been suggested that greater transparency in the reporting of OTC trades will enable the CFTC to effectively regulate the "dark markets" that compete with the standardized trades of publicly regulated commodity exchanges. The CFTC is currently debating criteria for the "customization" of OTC trades, which together with a return to prudential capital requirements for all parties involved in the OTC trade, would make the "dark markets" somewhat less opaque. We fear that while CFTC and financial services industry lawyers debate whether a new financial product fits CFTC "customization" criteria, continued OTC trading in the "dark markets" could give rise to further rounds of excessive speculation, and in the case of malevolent traders, expose the United States to a national security threat in its energy markets.

We agree with Michael Masters, in his June 4 testimony to the Senate agriculture committee: "Wall Street will try to shift the debate to standardized vs. customized in order to avoid clearing [trades on transparent and publicly regulated derivatives clearing organizations]. Congress has the responsibility to make clearable vs. non-clearable the right standard."[8] Masters rightly proposes a high regulatory burden of proof and a much higher margin requirement for a trader to justify the need for an OTC contract. He poses the question that we believe that Congress and the CFTC should pose and answer: What kind of financial product has price risks so opaque and difficult to assess that not one derivatives clearing organization would accept the product for trading? Transparency is a good disinfectant for the design of toxic assets that many banks still carry on their books. But that transparency should not be the mere reporting to the CFTC of the opaque financial products of "dark markets." Instead regulation should put a heavy burden of proof on those traders to show the market efficiency and social utility of products whose risks are so difficult to assess.

Satyajit Das, a financial market analyst, has written, "Relatively simple derivative products provide scope for risk transfer. But increasingly complex and opaque products are used to raise risk and leverage and circumvent investment restrictions, bank capital rules, securities and tax legislation."[9] Das doubts that U.S. and EU regulatory and legislative remedies proposed thus far to regulate OTC derivatives trading will be effective. We hope that his well-documented and reasoned grounds for skepticism will not be further supported by weak CFTC reforms.

As Director of Intelligence Blair observed in his testimony to the Senate, time is not on our side, not just for economic recovery, but for financial services reform to make the recovery sustainable. Reform proposals that prevent the trading practices that have lead to excessive speculation and its economic and social consequences are much preferred over regulatory priorities that result in prolonged litigation. Hence, we welcome Chairman Gensler's support for establishing and enforcing aggregate speculative position limits.[10] However, we doubt that his proposal to focus CFTC resources to investigate the market share of commodity futures market participants will yield timely results for regulatory reform. And because time is of the essence, it is essential to prioritize—for implementation and enforcement—the most efficient means for preventing excessive speculation. Setting and enforcing aggregate speculative position limits should take priority over CFTC studies on market share concentration and referrals to the Department of Justice for possible violations of anti-trust laws.

The U.S. government does not have a good track record of enforcing anti-trust laws and laws governing anti-competitive business practices. Indeed, in 2006, the Inspector General of the U.S. Department of Agriculture reported that the USDA had lacked the capacity for more than a decade to investigate and refer cases to the Department of Justice for violations of the Packer and Stockyards Act and other laws on anti-competitive agribusiness practices.[11] The new head of the Department of Justice division on anti-trust matters has indicated a willingness to prosecute commercial law violators. However, over the past decade many such cases have perished due to the increasing use by the courts of summary judgments, verdict set-asides and rules of procedure that exclude relevant evidence. Given the overwhelming political and legal war chests of the financial services industry, pursuit of a market concentration framework for regulating the commodities futures markets does not seem to be a cost-effective strategy nor the best regulatory tool to prevent excessive speculation.

IATP recommends that Chairman Gensler focus CFTC resources on the prevention of excessive speculation and extreme price volatility. Neither the CFTC nor physical hedgers nor public interest groups have the luxury of time to fight the financial services industry on a legal battlefield where it has overwhelming advantages.

The Institute for Agriculture and Trade Policy wishes to thank the CFTC for the opportunity to comment on the complex issues addressed by this hearing. We look forward to working with the CFTC to restore the price risk management and price discovery functions of commodity futures markets, while allowing speculators to provide an optimal amount of liquidity needed to clear the trades among physical hedgers.

Notes

1 Testimony for the U.S. House of Representatives Committee on Agriculture, Subcommittee on General Farm Commodities and Risk Management hearing on the draft "Derivatives Markets Transparency and Accountability Act of 2009" http://www.agobservatory.org/library.cfm?refid=105090

2 "Commodities Market Speculation: The Risk to Food and Agriculture," Institute for Agriculture and Trade Policy, November 2008, at "ensuring emissions market integrity," at http://www.iatp.org/iatp/publications.cfm?accountID=451&refID=104414

3 Rafael Martinez, "CFTC Market Surveillance of CO2: We are committed," Energy and Environmental Markets Advisory Committee, U.S. Commodity Futures Trading Commission, May 13, 2009 at http://www.cftc.gov/stellent/groups/public/@aboutcftc/documents/file/eemac051309_martinez2.pdf

4 Douglas W. Elmendorf, "The Distribution of Revenues from a Cap-and-Trade Program for Co@ Emissions," Congressional Budget Office, Testimony before the Committee on Finance, United States Senate, May 7, 2009 at 8.

5 http://waysandmeans.house.gov/media/pdf/111/chan.pdf

6 http://www.tradeobservatory.org/library.cfm?refID=106535; http://www.tradeobservatory.org/library.cfm?refID=106619; http://www.tradeobservatory.org/library.cfm?refID=106620

7 http://www.dni.gov/testimonies/20090212_testimony.pdf

8 "Testimony of Michael Masters before the Committee on Agriculture, Nutrition and Forestry, United States Senate," June 4, 2009 at 8. http://agriculture.senate.gov/

9 Satyajit Das, "How to design derivatives that dazzle and obfuscate," Financial Times, July 8, 2009.

10 "Opening Statement of Chairman Gary Gensler, Commodity Futures Trading Commission Hearing of the Commodity Futures Trading Commission," August 5, 2009 at http://www.cftc.gov/stellent/groups/public/@newsroom/documents/speechandtestimony/genslerstatement080509.pdf

11 http://www.usda.gov/oig/webdocs/30601-01-HY.pdf

From: Tessa Gorrens
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 4:53:52 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Gunter Gerard Isidoor Augusta Maria Mertens
[redacted]

From: ISAPAT[redacted]
To: energyhearingcomments;
Subject: Comment on Commodity Futures Trading limits
Date: Wednesday, August 12, 2009 4:52:02 PM

Gary Gensler, Chairman
U.S. Commodity Futures Trading Commission
3 Lafayette Centre
1155 21st St. N.W.
Washington, D.C. 20581

Dear Chairman Gensler:

I strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

The CFTC should bar manipulation by shorts, not just longs.

Also, I wish to support the conclusions of these two gentlemen, Theodore Butler, Butler Research LLC, and Adrian Douglas of the *Market Force Analysis Letter* as expressed in their letters to you Chairman Gensler, dated August 10, 2009, from Mr. Buttler and August 11, 2009 from Mr. Douglas.

Sincerely yours,

Paul A. Taipale

[redacted]

From:	Lisa.Elmore[redacted]
To:	energyhearingcomments;
cc:	[redacted]
Subject:	Energy Hearing Comments
Date:	Wednesday, August 12, 2009 4:46:26 PM
Attachments:	Testimony of Peter Krenkel-suppl-aug09-final.doc

Attached please find supplemental comments from Natural Gas Exchange Inc.

Kind regards,
Lisa

Lisa Elmore, Legal Assistant
Natural Gas Exchange Inc.
Suite 2330, 140 - 4 Avenue SW
Calgary, AB T2P 3N3
Phone: (403) 974-4332
Fax: (403) 234-4326
Email: lisa.elmore@ngx.com
www.ngx.com

[redacted]

[redacted]

[redacted]

[redacted]

TMX | NGX

August 12, 2009

Peter Krenkel
President
Natural Gas Exchange Inc.
Suite 2330, 140 4th Avenue S.W.
Calgary, AB, Canada T2P 3N3
T (403) 974-1705
F (403) 974-1719
peter.krenkel@ngx.com

Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: Energy Hearing Comments

Dear Commissioners:

Thank you for the opportunity of testifying before the Commission on July 29, 2009. The issue of position limits in U.S. energy markets impacts Natural Gas Exchange Inc. (NGX) as the Canadian operator of a cross-border exempt commercial market (ECM) in natural gas, oil and electricity contracts, and as a Canadian and U.S. regulated clearing organization for screen-traded and over-the-counter (OTC) energy products.

NGX also appreciates this opportunity to expand on two points raised in the July 29th hearing.

SCOPE OF POSITION LIMIT REGULATION FOR EMERGING MARKETS

As outlined in our July 29th opening statement, we are supportive of prompt month position limits being set by the Commission for those contracts that settle against a futures market contract price and that are economically equivalent or interchangeable with another regulated futures market. This helps ensure fairness and transparency for position limit setting over "significant" contracts. We also support the setting of spot-month limits for a physical delivery market in energy commodities with finite supply at a percentage of the estimated deliverable supply.

However, we emphasized the importance of the Commission recognizing the risks of CFTC-mandated position limits being inappropriately applied to emerging and illiquid markets. We identified this risk in our July 29th opening statement by highlighting the need for a clear and consistent approach being applied to the scope of significant price discovery contracts (SPDCs) under the expanded rules for ECMs. An overly broad interpretation of what constitutes a SPDC and the application of DCM level regulation, including hard position limits, could have the damaging effect of driving liquidity to the less transparent OTC markets and away from ECMs who bring highly desirable benefits to the energy markets.

This concern has been heightened by our recent understanding that a 2(h)3 contract may be designated a SPDC if it trades as little as on average 5 times per day over a calendar quarter and meets certain other criteria as outlined in the Commission's guidance to the SPDC rules. We believe the 5 trades per day materiality threshold for liquidity was adopted based on the "early warning" rules for reporting put in place for ECMs. While NGX appreciates that some benchmark for liquidity must be set, the 5 trades per day standard is an unjustifiably low threshold when used as one of the fundamental markers dividing the exempt markets from those deserving full DCM-level regulation (including position limits).

If 5 trades per day becomes entrenched as the standard for material liquidity in determining SPDCs, NGX submits that position limits will be applied inappropriately to many developing products and will stifle liquidity. NGX would suggest that a more appropriate measure of liquidity would be something considerably higher, recognizing that exceptions may be necessary in some circumstances considering the complexity of products traded through a wide variety of ECMs. A substantially higher standard would help guard against the risk that an overly broad interpretation of the scope of SPDCs inadvertently weakens the important protections in place to ensure the ongoing development of new liquid transparent markets.

CROSS-BORDER HARMONIZATION

At the July 29th hearing the Commission inquired about regulatory harmonization and whether NGX had any concerns about making regulation work cross-border between Canada and the U.S.

NGX is a recognized exchange and clearing agency in Canada, with oversight by its lead Canadian regulator, the Alberta Securities Commission (ASC). As regulation in Canada is currently a provincial matter, NGX's model is one where most provincial regulators, in jurisdictions where NGX has a sufficient nexus, exempt NGX from regulation based on lead oversight by the ASC, and subject to any additional terms and conditions. In the U.S., NGX is an ECM with respect to certain of our contracts and is also a registered DCO.

To expand on NGX's comments at the July 29th hearing, in our view harmonization between our lead jurisdiction in Canada and U.S. laws has worked well. As a fully regulated exchange in Canada, NGX is subject to a regulatory regime that may be different from, but not in direct conflict with, ECM rules (including those applicable to SPDCs). As a fully regulated clearing agency in Canada and DCO in the U.S., NGX is subject to an almost identical principles-based regulatory regime in both countries. The principles-based regime on both sides of the border has been flexible enough to accommodate our successful application of multiple laws across provinces, and across countries.

Although differences between Canadian and U.S. laws could conceivably create substantial challenges when managing their impact on our Canadian and U.S. participant base, these difficulties have not been encountered to date. This is largely as a result of having substantial regulatory alignment, the recognition by our lead Canadian regulator of NGX's need to operate in a harmonized environment and on a level regulatory playing field with its North American competitors, and the cooperative relationship between the ASC and the CFTC.

However, greater regulatory oversight of the OTC markets (and specifically encouraging OTC clearing), does warrant special attention. We would like to reiterate our support for increased OTC oversight but take this opportunity to emphasize the need for a harmonized Canadian and U.S. approach. Canadian and U.S. energy markets are inextricably linked, and if the two countries do not move in tandem with harmonized rules that impact both our Canadian and U.S. participants in a similar manner, we would encounter significant challenges in applying one regime with respect to our U.S. participants and another for our Canadian participants. Therefore, to the extent the CFTC determines that a new position limit regime requires more authority over the OTC markets, we would highlight the importance of the Commission taking into account the interconnectedness of the OTC markets on a North American basis before imposing a regime that impacts us as a Canadian entity but is applicable to only a portion of our participants.

I thank you for the opportunity to share our additional views.

Peter Krenkel
President, Natural Gas Exchange Inc.

From: jwhite4479[redacted]
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 4:40:36 PM

Chairman Gensler,

I'd like to add my voice to the comments already submitted by Ted Butler regarding the silver market. Specifically, to request:

- that the Commission impose legitimate speculative position limits, such as a speculative position limit of no more than 1500 contracts in COMEX silver futures
- restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation
- make sure that these limitations apply to the short side of the market as well as to the long

Thank you,

Jay White

From: Chris Dyer
To: energyhearingcomments;
Subject: commodity position limits
Date: Wednesday, August 12, 2009 4:40:26 PM

Dear Sirs,

As a small commodity futures trader, I feel that I have been constrained for participating in the gold and silver (Comex) markets by my knowledge that an inordinate portion of the short sales in both markets are, and have been, dominated for many years by the major "4 or less" traders.

Since both the total size as well as the relative percentages of these precious metals short positions exceed those of any other commodity futures item or product, one has to question the advisability of speculating in these "dominated" markets. I have stayed away from them but would like to participate in the future. That participation will depend entirely on the elimination by the CFTC of this gross imbalance and a setting of reduced position limits that more accurately reflect the actual needs of non-commercial (that is companies that do not use/consume the actual commodity) speculative particpants.

In light of the events of the past 18 months, where one government agency/regulator after another has been identified as being asleep at the switch when the entire financial and banking system cratered, there is still hope that at least one agency, the CFTC, will break this sorry string and do the right thing to protect the public and the small futures market participants.

Sincerely yours,
Chris Dyer
[redacted]

From:	glennkinney[redacted]
To:	energyhearingcomments;
Subject:	my comments
Date:	Wednesday, August 12, 2009 4:40:07 PM

Dear CFTC Commissioners:
In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:
http://news.silverseek.com/TedButler/1250014324.php
And by commodity market analyst Adrian Douglas here:
http://www.gata.org/node/7683
Short-side position limits are as necessary as long-side limits.
Thanks for your consideration.

Glenn kinney
[redacted]

[redacted]

From: wdgaga[redacted]
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 4:38:42 PM

In addition to energy I hope you will address the same issue (position limits) in the silver market. 3-4 large firms routinely make up more than 50% of the short interest in this commodity. This is certainly not in the interest of a fair market. It doesn't make sense to address the issue in one market (oil) but not in another market where the imbalance and appearance of manipulation is even greater. Thank you.
Bill Gmiterko
[redacted]

From: jrogers549[redacted]
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 4:33:31 PM

"Oil is unique in that it is so strategic in nature... Energy is truly fundamental to the world's economy. It is the basic, fundamental building block of the world's economy. It is unlike any other commodity." ~Dick Cheney, 46th US Vice-President (speaking as the CEO of Halliburton (HAL) in 1999)~

This quote says it all when it comes to this author's opinion of how much regulation ought to be imposed on Oil Futures. Let's take it a step further and regulate oil like other utilities are regulated. Any reasonable person will tell you that oil is as important to them as water, electricity & natural gas. Here's a message for you CFTC: wake up and protect us from those who everyday make their fortunes preying upon us and our progeny and our country's economy. Put limits on how big ALL commodities markets can be relative to a reasonable share of reasonable hedging. Which from your own admission is the reason these markets exist in the first place.

So why hasn't the government stepped in to impose consumer protection on oil as it has for these other utilities. The answer is greed & corruption has kept oil out of the spotlight since the world hit the roads using cars instead of animal power. The hay-day for oil-based products research was in the post WWII-era through the 1960's. Oil-based products are so pervasive in our daily lives that most people are oblivious. It would be interesting for someone to study the historic per-capita cancer rates in relation to the oil-based consumables increased presence in the average person's life; but I digress.

In the 1970's the world gluttony for oil was rocked to the core when OPEC decided it wanted greater wealth for their precious commodity. We did not learn our lesson. Over the coming decades, MPGs did not make significant head way and the heavy steel cars of yesteryear yielded to the massive demand for high-aerodynamic profile and gas-guzzling SUVs.

In my lifetime the price per gallon of gasoline in Missouri went from 70 cents a gallon to four dollars last summer. Why? Dollars invested in oil futures was 3.3 Billion dollars in 2006. By June 2008 there was 333 billion dollars invested. The price of a barrel of sweet crude hit $147, gasoline per gallon in KC, MO hit $4. This would be fine if demand over the same period had increased or if supply was somehow down. But the truth is demand over the same period was down, even here in the good old U.S. of A. It would appear that commodities in general have become the haven for quick money making schemes of the upper echelon in society. It comes at the expense of the majority of average hard-working Americans.

Before the attack of 911, gasoline was $1.13 per gallon. Since that time it appears all the oil companies and the 60 levels of middlemen who trade the same barrel over and over again have used any miniscule piece of Middle East news to hike the price. Or production cuts come when news isn't available.

Why does it take a crisis? Until public outrage peaks no one in Washington gives a rip! Regulate all commodities to stave off the culture of greed that plagues our "free" markets. Because if you don't the next oil bubble will be just around the corner. Americans are outraged now at the oil industry but it has been peacful dissent. How long do you think people will sit by and watch as lack of action opens up other commodities for exploitation without themselves taking drastic action?

From: Beasley, Emelda
To: secretary;
cc: Jeffers, John; Loya, Javier; Valles, Maggie;
Subject: Comments on the Hearings Regarding Speculative Position Limits
Date: Wednesday, August 12, 2009 4:27:58 PM
Attachments: CFTC Letter 8-12-09.pdf

Dear Secretary,

Please find attached a letter on behalf of E. Javier Loya, Chairman and CEO of OTC Global Holdings.

Thank you,

Emelda Beasley
Executive Assistant

OTC Global Holdings LP
5718 Westheimer Rd., Suite 1330
Houston, TX 77057
(713) 358-5458 direct
(979) 292-5049 cell
(713) 358-5449 fax
beasley.e@otcgh.com

[redacted]

OTC GLOBAL HOLDINGS

E. JAVIER LOYA
CHAIRMAN AND CEO
(713) 613-0511 TEL
(713) 613-0599 FAX

August 12, 2009

Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

Dear Secretary:

I write you following the Commodity Futures Trading Commission's hearings regarding speculative position limits in energy futures markets to share an industry perspective on the potential effects of the current proposals.

OTC Global Holdings owns and operates fifteen commodity brokerage firms in the United States. Our inter-dealer brokerage firms participate as intermediaries in the agricultural and energy commodity markets, both over-the-counter and exchange-traded, and are substantial liquidity providers to the major derivatives clearing organizations in these markets.

We whole-heartedly support the Commission's stated goals of stemming volatility, increasing transparency and reporting and bringing greater efficiency to these markets. As an intermediary that takes no positions, we are at the forefront of an industry that has made great strides in moving transactions to electronic trading platforms well in advance of regulatory requirements for this very purpose.

We believe the Commission should establish position limits on all energy commodity contracts that require actual delivery of the underlying physical commodity. We also believe that clearing of energy commodity contracts through a derivatives clearing organization should be mandatory whenever such clearing is available. Today a large percentage of over-the-counter trades are submitted to such an organization for clearing and the percentage has grown steadily over the past five years. Bilateral trades in standardized contracts have become the exception rather than the rule, meaning that requiring clearing of this minority of trades should increase transparency without having a significant impact on the market.

However, while we support position limits in physical markets, we believe imposing these limits on the financially settled contracts in energy commodities is unnecessary. As the Commission seeks to curb the price volatility the energy markets have seen during the past year, it is important to remember that retail energy prices are driven by spot market prices, not the long term futures market. Financial contracts settle based on the price of the underlying commodity, as set by the physical-delivery contracts at the delivery date; they do not drive the spot market prices.

What can lead to price swings unrelated to traditional supply and demand forces is excessive trading in physical contracts by participants not intending to take delivery. The risk of market manipulation and excessive speculation lies in the physical market because of its finite deliverable supply. With financially settled contracts, no delivery of the underlying commodity ever takes place. Accordingly, the risks associated with a finite commodity supply are not present in the financially settled contract market. For these reasons, it is our belief that if position limits in the financial markets are imposed, it can only be on the last day of the contract in order to maintain integrity between the physical market, financial hedgers and speculators. Limiting speculative positions in physical contracts, if properly implemented and enforced, should achieve the Commission's goal of preventing any one participant or group of participants from amassing undue influence.

Throughout the hearings, the Commission and many experts have drawn parallels between the position limits in effect in several agricultural commodities markets and those being proposed in the energy markets. Based on our experience in both of these markets, we believe these asset classes cannot be compared as equals. Though both have limited deliverable supplies, many of the similarities end there when it comes to defining position limits in these respective futures markets. Where agricultural producers work on a short-term cycle of crop planting, growth and harvest, the energy industry is focused on long term, expensive capital projects such as the creation of new power plants or offshore production platforms. Crude oil and natural gas producers, power plant developers, refinery owners and many others rely heavily on the futures market to mitigate the long-term risk that comes with these capital-intensive projects. Many other institutions employ the energy futures markets to offset risks associated with other assets, including corporate equity and debt holdings, inflation-sensitive assets, and equipment that consumes fuel. The many risk management uses of energy futures by global business require a robust and liquid financially settled energy futures market.

The agricultural futures markets also have financially settled contracts, but it is worth noting that the Commission has only imposed position limits in the physical agricultural markets. We believe the Commission should adopt a similar approach in regulating the energy markets.

Regardless of the Commission's decision on position limits, enforcement of the resulting policy and the decision to grant exemptions must be seriously considered. Lax enforcement of current limits set and enforced by exchanges makes their effectiveness questionable, while the numerous exemptions granted to market participants are often used inappropriately. We believe the Commission should set and enforce position limits and should do away with the hedge exemption in physical markets, as it is too difficult to administer and police.

Further, the suggestions by some during the hearings that certain classes of investors, like index funds, be prohibited from participating in the energy commodity markets is counter to the Commission's objective of reducing volatility. Limiting or eliminating the participation of these retail investors will simply drive them to invest in the same markets through other vehicles. The strict enforcement of position limits on the physical contract markets would achieve the Commission's objectives without the need to artificially suppress the "buy side" of the market.

Ultimately, the widespread application of position limits across physical and financial energy futures markets may discourage participation and free market competition in what is today a highly liquid energy futures market. With fewer trading counterparties, energy markets may become much more fragmented and susceptible to manipulation. We believe comprehensive position limits will be a disruptive market force that may foster inefficiency and volatility. Businesses that rely on the futures markets to mitigate risk are likely to find that it is no longer an effective hedging tool given the dearth of counterparties. This stands to have two critical results. First, businesses are likely to pass additional costs on to their customers, increasing rates to accommodate risk and volatility. Secondly, these businesses will look for markets elsewhere, driving business overseas.

I raise these suggestions and concerns in a spirit of collaboration with the hope that we can work together to achieve the vital goals of less volatility and increased transparency in a manner that also protects the fair, open and efficient functioning of the energy futures markets. I look forward to participating in an open dialogue to achieve the mutual goals OTC Global Holdings shares with the CFTC.

Sincerely,

E. Javier Loya
Chairman and Chief Executive Officer
OTC Global Holdings

From: Ernest Wilson
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 4:26:04 PM

To the CFTC:

I encourage the Commission to establish a clear definition of hedging that excludes the use or interpretation of any economic theory or use of theoretical relationships between markets as as description of hedging. Any definition of hedging that invites the use or creation of new market theories or places financial institutions in a category by themselves will result in massive speculation conducted by speculators masquerading as hedgers. Long and short hedging should be treated equally. Please be clear about this.

I want to thank Chairman Gensler for his efforts in cleaning up what I consider poorly supervised rules in this regard.

Very Sincerely,

Ernest J. Wilson [redacted]

From: George Green
To: energyhearingcomments;
Subject: CFTC Comment
Date: Wednesday, August 12, 2009 4:25:53 PM

Dear Commissioners,

Please act to stop the artificial suppression of the price of silver.

Best regards,

George Green, FSA, MAAA
[redacted]

From: glennh10[redacted]
To: energyhearingcomments;
Subject: Comment for Hearings
Date: Wednesday, August 12, 2009 4:09:57 PM

Dear CFTC Commissioners:
Please be aware that through large position purchases, commodity market prices can be manipulated lower as well as higher. You seem to be concerned about large-concentration speculators whose actions push prices higher, yet there seems to be a lack of interest in addressing large-concentrated positions that push prices lower. This is particularly endemic concerning gold and silver.

You must be aware that both gold and silver prices have been kept artificially low for decades. That the price of gold is manipulated is a matter of public record. However, you can't make a claim that gold (and silver) operate as commodities in a free market while their price behavior is subject to manipulation, covert or otherwise.

At least concerning silver, be aware that its historically artificial price has had serious consequences. It has encouraged consumption and waste, discouraged investment in finding new sources, and discouraged investment in finding alternatives. In 1945, The U.S. Silver Strategic Stockpile contained at least 4 billion ounces of silver. A few years ago, the stockpile was depleted.

Concerning gold, I probably don't have to remind you that a lower gold price is maintained to artificially inflate confidence in a debauched fiat dollar that today is created with reckless abandon for the sake of political gain.

If you're going to address the presence of commodity manipulation, please be complete and do it across the board.

Regards,

Glenn Haugen
[redacted]

From: Anita Herrera
To: energyhearingcomments;
cc: Paul Cusenza; Ann Sacra;
Subject: Nodal Exchange
Date: Wednesday, August 12, 2009 4:09:50 PM
Attachments: 8.12.09 CFTC Hearings .pdf

Dear Mr. Stawick:

Attached are Nodal Exchange's comments to the Commission's hearing conducted on July 28th, 29th, and August 5th regarding position limits and hedge exemptions on energy commodities. Let me know if additional information is requested.

Respectfully submitted,

--
Anita Herrera
Chief Compliance Officer
Nodal Exchange, LLC
8065 Leesburg Pike, 7th Floor
Vienna, VA 22182
703.962.9835

[redacted]

NODAL EXCHANGE

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Phone (703) 962 9800
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www.nodalexchange.com

August 12, 2009

VIA ELECTRONIC MAIL
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581
energyhearingcomments@cftc.gov

Re: Energy Hearing Comments – CFTC Hearings on Speculative Position Limits in Energy Futures Markets

Dear Chairman Gensler and Commissioners Chilton, Dunn and Sommers:

Nodal Exchange, LLC submits these comments in response to the Commission's comments and witness testimony presented at the CFTC's hearings conducted on July 28th, 29th, and August 5th to address how to set position limits in energy commodities. The testimony at these CFTC hearings focussed on oil and natural gas. Nodal Exchange offers financially settled electric power contracts which are central counterparty cleared through LCH.Clearnet.

Nodal Exchange is a new central counterparty cleared exchange for trading electric power futures contracts that commenced trading as an Exempt Commercial Market in April of 2009. Nodal Exchange is the first exchange to offer contracts on many locations for trading electric power, which has been a market dominated by off-exchange contracts. Electric power is unlike other energy commodities in that power generally cannot be stored, and given the impact of transmission congestion and loss on its Locational Marginal Price (LMP), power is priced on a locational basis (e.g., location of generation, zone of usage). Thus, in order to allow power market participants the ability to manage the locational risk inherent in power, participants must have the ability to trade contracts settling against many locations, which Nodal Exchange provides on a cleared market.

The design of Nodal Exchange promotes transparency by offering standardized power contracts that are central counterparty cleared and that settle on the average Day-Ahead LMP for each month on about 1,800 locations within four Regional Transmission Organization/Independent System Operator markets (ISO/RTO): ISO-NE (ISO New England), NYISO (New York ISO), PJM (PJM Interconnection), and MISO (Midwest Independent Transmission System Operator). Less than 100 of the ~1,800 locations offered by Nodal Exchange are offered on other central counterparty cleared exchanges; however, these <100 locations are expected to have the most significant volume. Positions held on the other >1,700 locations available on Nodal Exchange have historically only been available through off-exchange markets prior to Nodal Exchange.

Given that positions in electric power exist across multiple exchanges and in off-exchange markets, related position limits need to be set in the context of the overall aggregate net positions market-wide including on- and off-exchange in order to be effective. For example, a trader may have positions on PJM Western Hub Locational Marginal Price from trading on ICE, NYMEX and Nodal Exchange in addition to any off-exchange positions. Position limits based solely on open interest on a particular exchange would create an unfair competitive disadvantage for smaller exchanges thereby limiting innovation and competition while also not being representative of the true market situation which prompted the desire to set position limits. Any rules or regulations should account for the situations in which a participant's position on PJM Western Hub could appear significant when viewed solely on a relatively small exchange such as Nodal Exchange, but is actually quite insignificant when viewed in the context of the participant's aggregate positions on NYMEX, ICE and off-exchange markets in addition to Nodal Exchange. The aggregate view is most relevant.

In implementation, it is important to note that trader positions should be viewed on a net basis across venues. A trader might have both long and offsetting short positions on the same contract on different venues, so it is important to look at the trader's net position in reviewing any position limits. Without this netting, position limits could have the unintended effect of not permitting the trader to reduce their overall net exposure by conducting new offsetting trades. In addition, geographic or basis netting should also be considered when looking at position limits (e.g., locational spreads which are common in electric power trading).

We believe the CFTC is best able to determine the need for and extent of any position limits. We suggest that in setting any position limits, the CFTC carefully consider the matters of physical versus financial markets and spot versus futures markets. We also believe that the CFTC should oversee the implementation, as no commercial or other private entity would be as capable of appropriately handling the highly confidential information about traders and exchanges needed to set aggregate limits.

In summary, Nodal Exchange supports the view that position limits are best determined by the CFTC based on aggregate market positions, which promotes market integrity, fairness and transparency. Nodal Exchange commends the Commission on the success of the hearings and for seeking input from the public on how these issues impact our markets. We would be happy to discuss our comments in more detail with the staff. Please feel free to contact me at 703-962-9812, or Anita Herrera, our Chief Compliance Officer at 703-962-9835.

Respectfully submitted,

Paul J. Cusenza
Chief Executive Officer

Nodal Exchange, LLC | 8065 Leesburg Pike, 7th Floor | Vienna, VA 22182 | Phone: (703) 962 9800 | Fax: (703) 962 9850 | www.nodalexchange.com

From: robert bringleson
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 4:08:43 PM

I support position limits in all markets ,energy and Precious metals on both the long and short side. Excessive positions by a few traders unfairly influence prices for small traders and consumer alike.

Thank You
Robert Bringleson

From: Bob Rice
To: energyhearingcomments;
Subject: Energy hearing comments
Date: Wednesday, August 12, 2009 4:06:53 PM

ENERGY HEARING COMMENTS

August 12, 2009

Mr. Gary Gensler
Chairman, CFTC

Dear Chairman Gensler;

I am CEO of small business that manufactures on line control hardware and software. We export many of our products to countries on four continents. I have diversified my personal portfolio to include some stock in companies producing commodities, and to some precious metals.

I applaud your hearings on imposing speculative position limits on futures contracts.

Market integrity is threatened, and manipulation of a commodity made possible by allowing a concentration, either long or short, of futures contracts by only several organizations. A monopoly of any kind is not good for consumers or other businesses.

Although not your area, I believe the concentrated naked shorting of large volumes of stock of financial companies and banks was responsible for the precipitous fall in the value of the stocks of these institutions, and in the near collapse of our financial system. Prohibiting naked shorting might have prevented this near disaster.

On the long side, I believe the speculative long concentration in energy stocks and oil caused the price of oil (and oil stocks) to rise to double what the market price would have been if position limits were in effect.

Please put in reasonable position limits on all commodities, and only allow exemptions to these limits to the actual producers and consumers of the commodity.

Sincerely,

Robert G. Rice
President
Boscop, Inc.
[redacted]

[redacted]

[redacted]

[redacted]

From: MICHAEL MANLEY
To: energyhearingcomments;
cc: Mike;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 4:06:19 PM
Attachments: GaryGenslerLetter02.pdf

Dear CFTC,

I already send this letter direct to the CFTC chairman **Gary Gensler** about a month ago (before the hearings started). I am now sending my letter to you in PDF file format to make sure you receive this information.

Sincerely,

Mike Manley

~~Dec 19, 2008~~> July 19, 2009

Gary Gensler, CFTC Chairman
US Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st St, NW
Washington, DC 20581

Re: Fine-Tuned Repeat of Original Dec 19, 2008 Letter

Dear Gary Gensler:

I saw your acceptance speech when you were selected to be the next chairman of the CFTC. In your speech you committed yourself to stop corruption, fraud, and manipulation in the commodity markets. I hope you succeed so I may applaud you. But if you fail through bad action or inaction, this letter will give you ghastly glimpses of how much destruction will be inflicted upon the population of this country.

But before I can tell you anything, you must have some idea of my credentials. The only thing important is that I have spent the last two years writing a now 300+ page book on a Science that is now under review for publication, probably after my death.

On, to the main topic of this letter! In May 2008 I produced a poorly written thirteen page paper on "Capital" and its mandated affects upon this nation. That paper indicated with a 0.3 probability (30%) that there will be a one in three population reduction occurring within the next five to fifteen years. This means that the total United States population would drop from 300 million to 200 million. Unfortunately, due to stupid actions during this fall's financial crisis's by the Treasury Department and Federal Reserve, this probability has increased to ~~0.4 (40%)~~> 0.5 (50%).

Now, here is why I am writing you. In June 2008, I wrote a brutal letter to the CFTC about their complacency by allowing fraud-manipulation in the futures markets. As expected this letter was ignored; so now, since you are still untouched with their corruption, I will now hand you its horrible highlights. Once the ONE in three population reduction above starts, the CFTC's actions on the corruption issue will directly trigger a second even greater population reduction of TWO in three. So far projections are that there is a ~~0.1 (10%)~~> ~~0.25 (25%)~~> 0.20 (20%) probability within the next twenty years that America's population will drop from 300 to 100 million.

If you have any questions about the validity of my projections into the future, or wish copies of my papers showing details of future events, you may contact me below.

Sincerely,

Michael Manley

[redacted]

From: Ryan Ullman
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 4:05:26 PM
Attachments: Energy Hearing Comments Letter 8-12-09.PDF

To Whom It May Concern:

Please find attached comments regarding energy hearing comments.

Please feel free to contact me with any questions or concerns regarding this email or attachment.

Sincerely,

Ryan Ullman
Legislative Assistant
Independent Petroleum Association of America
202-857-4722
rullman@ipaa.org

ipaa
America's Oil & Gas Producers

Barry Russell
President & CEO

August 12, 2009

Office of the Secretariat
Commodity Futures Trading Commission
1155 21st Street, NW
Washington, DC 20581

RE: Energy Hearing Comments by the
Independent Petroleum Association of America

Dear Mr. Secretary:

The Independent Petroleum Association of America (IPAA) represents the thousands of independent producers of American natural gas and oil. IPAA supports the recent efforts to increase the transparency and oversight of derivatives markets. However, we strongly oppose any efforts to restrict access by energy producers to the over-the-counter (OTC) market.

The ability to hedge is critical for independent producers. By using reserves as collateral in the OTC market, IPAA's members use cash for finding and producing natural gas and oil, rather than tying up large cash resources to meet margin requirements through trading on a regulated exchange.

IPAA is encouraged by the Administration's and CFTC's recognition of the vital role of the OTC market for many end users. IPAA strongly supports efforts to improve transparency in the OTC market while keeping it as a viable hedging forum.

When considering position limits, IPAA respectfully suggests the following:

- Exclude commercial end users who enter into OTC derivative positions for long-term risk management and business-planning purposes. The amounts and durations of such contracts, which are necessary to manage risk, vary by industry and company and should not be regulated for commercial users. Some industries and companies are more capital intensive and require longer lead time and longer-term cash flow predictability to raise capital.
- For energy markets, focus on the prompt three-month period. Longer-term energy hedges inherently tend to entail end users protecting their commercial interests.

In the testimony presented during the three days of hearings, opinions varied dramatically on the role of speculation. IPAA views speculation as an important component of a well-functioning market but appreciates the need to prevent excessive speculation. IPAA commends the CFTC for taking interim steps. However, such interim steps should avoid placing burdens on commercial end users and their efforts to manage risks. IPAA supports the testimony presented by Elliot Chambers, Corporate Finance Manager for Chesapeake Energy Corporation, before the CFTC on August 5.

Sincerely,

Barry Russell
President and CEO
Independent Petroleum Association of America

From: E. W. Chappell, Jr.
To: energyhearingcomments;
Date: Wednesday, August 12, 2009 4:04:46 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.\

E.W. Chappell, Jr.

[redacted]

From: Thomas Paulson
To: energyhearingcomments;
Subject: Energy Hearing Comments from the Public
Date: Wednesday, August 12, 2009 4:02:50 PM

I would like to add this comment to this public hearing on energy position limits. You have received comments on the technicalities, concerns, and whyfors of position limits by experienced traders and brokers on Wall Street. You should also take note of the public who are on Main Street.

It has been said that the business of America is business. To that I must comment that speculation is not the business of the American public. Excessive concentrated speculation, done by bankers, traders, and risky gamblers, is not in the greater public's good because it is selfish, greedy, and unstable in taking undue advantage of position with criminal motives of defrauding and stealing that which they should not have an advantage to convert to their property. The public's good lies in fairness, regulation, and growth in business that motivates public benefit. Speculation by oil companies that results in boosting the price of oil regardless of whether it is actually in short supply is a travesty against public justice. Speculation by banks in the silver trading market to profit from manipulating by managing to make a market, in suppression of silver market prices, disregards the basic function of a commodities market to allow supply and demand to impact the distribution of commodities in very short supply such as silver. These types of speculation are fueled by maladjusted position limits including the excessive limits, or exemptions to limits, which effectively operate to deny any regulation whatsoever.

I request the CFTC to reform position limits in energy and metals that will protect the public good.

From: JButler[redacted]
To: energyhearingcomments;
Subject: Position limits in Commodity Markets
Date: Wednesday, August 12, 2009 4:00:15 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

John C. Butler, III
[redacted]

From: margo bentsen
To: energyhearingcomments;
Subject: Silver Limits
Date: Wednesday, August 12, 2009 3:58:44 PM

We recognize that the focus of your hearings was on energy, but that you are also aware of concentration and position limit issues in other commodities.
We would ask that you address, in any rule makings, the silver market, and specifically the short side (we're pretty sure you'll address the long side, which is not historically the problem in this market).

From Ted Butler last month:
"the level of accountability limits in silver is too large, by a factor of five or more compared to any other commodity (including gold). Even though the current limit needs to be reduced drastically from 6,000 contracts to between 1000 and 1500 contracts, the big shorts now hold a lot more than 6000 contracts each. One or two US banks hold a minimum of more than two and half times the obscene 6000 contract limit. If silver position limits were reduced to 1500 contracts, the big banks would be holding more than ten times that limit. That's insane."

We can not say it better than Ted Butler did, but we CAN ask you to act expeditiously to fix this problem of many years:

The first step is to immediately enforce the current [ridiculously high] limit of 6000 contracts.
The second step is to re-regulate down to a maximum of 1500 contracts for any long or SHORT position.

Thank you for your current and future efforts, with much appreciation for your work,
Margo Bentsen

Margo Bentsen
[redacted]

From: Semrani, Jack N. (DC)
To: energyhearingcomments;
cc: Wiggins, Dena E. (DC);
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 3:58:26 PM
Attachments: Energy Hearing Comments of AF&PA.pdf

Dear Mr. Stawick,

Please find attached the Comments of the American Forest & Paper Association on the Hearings Regarding the Application of Position Limits and Exemptions from Position Limits in Energy Markets. If you have any questions, please contact me.

Thank you and best regards.

Jack Semrani, Esquire
Ballard Spahr Andrews & Ingersoll, LLP
601 13th St., N.W.
Suite 1000 South
Washington, D.C. 20005-3807
(202) 661-7640 (phone)
(202) 626-9039 (fax)
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<<Energy Hearing Comments of AF&PA.pdf>>

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August 12, 2009

VIA ELECTRONIC MAIL

Mr. David Stawick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581
energyhearingcomments@cftc.gov

RE: Energy Hearing Comments
Comments of the American Forest & Paper Association on the Hearings Regarding the "*Application of Position Limits and Exemptions from Position Limits in Energy Markets*"

Dear Mr. Stawick:

The American Forest & Paper Association ("AF&PA") would like to thank the Commodity Futures Trading Commission ("CFTC" or "Commission") for allowing participants in the commodity futures markets to submit comments regarding the application of position limits and exemptions from position limits in energy markets.

1. INTRODUCTION

The American Forest & Paper Association ("AF&PA") is the national trade association of the forest products industry, representing pulp, paper, packaging and wood products manufacturers, and forest landowners. Our companies make products essential for everyday life from renewable and recyclable resources that sustain the environment. The forest products industry accounts for approximately 6 percent of the total U.S. manufacturing GDP, putting it on par with the automotive and plastics industries. Industry companies produce $200 billion in products annually and employ approximately 1 million people earning $54 billion in annual payroll. The industry is among the top 10 manufacturing sector employers in 48 states. Members of AF&PA own and operate facilities that consume natural gas and they use futures contracts on the exchanges and on the over-the-counter market ("OTC") to hedge the risks inherent in their physical natural gas transactions.

AF&PA is concerned about the recent unprecedented volatility in commodity markets and the resulting harm to consumers of natural gas such as AF&PA members. Prices are increasingly appearing to bear little or no connection to the market fundamentals of supply and demand. AF&PA notes that commodity market volatility and spikes in commodity prices may also result in the erosion of public confidence in commodity markets and may have dire effects on the economy as a whole.

Therefore, to the extent that excessive speculation is a cause of price volatility in the natural gas market, AF&PA fully supports the Commission in its proposal to impose position limits on speculation.[1] The Commission should be cognizant that such limits should only be imposed through cost effective structures that preserve liquidity in commodity futures markets and avoid overly burdensome reporting requirements that negatively affect commercial market participants.

2. COMMENTS

(a) Position Limits Must Not Adversely Impact Liquidity in The Commodities Futures Market

Any position limits that may be implemented in the commodity futures markets, should be appropriately adjusted so as to avoid the unintended consequences of adversely impacting liquidity in those markets.

In a properly functioning market, speculators take on the risk that commercial hedgers try to discard and they provide necessary liquidity by being on the other side of the trade. However, liquidity can also be enhanced through position limits which have the effect of expanding the market and creating a greater number of market participants. Therefore, the balance between a limit that is too high, allowing for market disruption, and a limit that is too low, allowing for dearth of liquidity, is a delicate one. Position limits should be fine-tuned to

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[1] AF&PA is taking no position as to whether excessive speculation causes price volatility given that there are valid arguments on both sides of this issue. Speculative investment in the futures markets resulting in excessively large speculative positions may be putting upward pressure on prices and increasing the costs and risks of hedging. In situations where supplies are relatively high, demand is relatively low, and price increases are accompanied by surges of funding from non-commercial investors and speculators, volatility appears to be linked to speculation. However, where non-commercial investors and speculators are on both sides of the market, *i.e.* the buy side and the sell side, their activities may enhance liquidity and reduce volatility. Therefore, as mentioned above, AF&PA supports the Commission's establishment of position limits insofar as such limits would decrease volatility.

promote liquidity without artificially restricting access to markets. Thus, if the Commission decides to limit the share of non-commercial speculators in the total energy futures market so that they do not overwhelm commercial hedgers, it should do so at a level that allows sufficient and plentiful liquidity in the marketplace for the efficient functioning of the market.

Further, the Commission should not place any position limits on commercial hedgers in commodity futures markets. These markets were designed to allow commercial hedgers to manage the risks that result from their legitimate commercial activities and to provide for informed price discovery for physical supply agreements. Any unintended restriction to such risk management and price discovery endeavors would defeat the purpose of commodity futures markets. The Commission should also exempt swap dealers, trading companies, and any other intermediaries from position limits to the extent necessary to avoid hindering the risk management activities of commercial hedgers. However, swap dealers and other intermediary exemptions should ensure that the reported positions look through the swap dealer/intermediary to the end user/counterparty level in applying any aggregate positions limits to non-commercial speculators as the CFTC deems appropriate to limit excessive speculation.

Additionally, the Commission should be cognizant that many commercial hedgers use only the OTC market to hedge significant risks. These entities often have little or no capability of transitioning into the futures exchanges despite their critical needs for risk management. Therefore, any measures that could have the unintended consequence of restricting or in any way negatively impacting commercial hedgers' ability to procure risk management tools on the OTC market or any other market may threaten the financial health of these legitimate hedgers.[2]

Further, any proposals that would require OTC derivatives to be cleared through a clearinghouse or transacted on an exchange may have the unintended effect of reducing liquidity in the market due to the cash requirements of clearinghouses. AF&PA members that use OTC contracts for risk-management would likely be subjected to a liquidity drain if they are required to post cash margins on an exchange. Furthermore, OTC contracts are capable of being customized to the needs of the commercial hedger whereas exchange-traded derivatives are standardized contracts. If OTC derivatives are required to be cleared, these contracts would have to be standardized. This would likely eliminate the possibility of contract customization and may have a negative effect on market liquidity.

Therefore, in order to avoid these negative unintended consequences, the Commission should be cognizant of these potential threats to market liquidity when deciding how to set position limits

[2] Consumers of natural gas often need the ability to pledge non-cash collateral or to transact risk management contracts on an unsecured basis in order to avoid draining their liquidity or disrupting their normal business activities. Any measures that could have the effect of restricting this ability would negatively impact market liquidity and could be detrimental to the businesses of many AF&PA members.

(b) Any New Reporting Requirements Must not Place Burdensome Obligations on Commercial Market Participants

To the extent that the Commission decides to create additional reporting requirements to increase transparency in the commodity futures markets, such requirements should be tailored in a way to avoid placing burdensome obligations on commercial market participants. The Commission should realize that any information-gathering and reporting process may be time consuming and expensive. As explained above, commodity futures markets are designed to serve the risk management and price discovery needs of commercial hedgers and such hedgers should not be discouraged from entering these markets by burdensome requirements.

Also, any reporting requirements that may be placed on the exchanges, the OTC market, or market intermediaries, should be tailored to avoid the burden being passed on to commercial hedgers.

Ideally, only minimal changes in reporting requirements would be necessary and the Commission would continue to rely on reports that are currently being produced.

(c) Position Limits Must Not Raise The Cost of Hedging For Commercial Hedgers

If the Commission decides to implement position limits, AF&PA urges the Commission to appropriately design such limits to avoid raising the cost of hedging for end users such as AF&PA members.

If improperly set, position limits may have the unintended effect of distorting markets, distorting future production decisions, causing misallocation of resources of production, and constraining the ability of dealers to provide risk management measures. These unintended effects may cause an increase in costs for commercial hedgers and consumers alike. Further, since producers are essentially in the same situation as consumers in the risk management market, they could also be subject to the same cost increases which would likely be passed on to the consumers.

Additionally, if OTC derivatives are required to be cleared and standardized or if the hedge exemption for swap dealers is limited or eliminated, such measures may also have the unintended consequence of increasing the cost of risk management.

Therefore, clearing OTC derivatives should not be required and position limits should be carefully tailored so as to avoid the unintended effect of raising costs for commercial hedgers and consumers.

3. CONCLUSION

AF&PA supports regulatory efforts to prevent excessive speculation in the natural gas market to the extent that the Commission finds that speculation constitutes a potential cause of price volatility or a threat to market stability and integrity. Nonetheless, AF&PA members using risk-management tools may be negatively affected if overly stringent position limits are imposed. Position limits should be set and administered in a way that does not reduce market liquidity or increase costs for commercial hedgers and consumers. Further, if additional reporting requirements are imposed, they should not be imposed on commercial hedgers and their burdens should not be passed on to commercial hedgers.

Dated in Washington DC, this 12th day of August, 2009.

Respectfully submitted,

/s/ Dena E. Wiggins

Dena E. Wiggins, Esq.
Jack N. Semrani, Esq.
Counsel for the American Forest & Paper Association

From: Robert Moore
To: energyhearingcomments; Gensler, Gary;
Subject: Hearings on Speculative Position Limits in Energy and Physical commodities
Date: Wednesday, August 12, 2009 3:49:59 PM

Chairman Gensler, and Distinguished Others,

Thank you for providing a public forum for comments on your continuing hearings on speculative position limits in the energy and physical commodity markets.

One point I would ask the commitee to focus on during these hearings is the presently enormous position limit allowed in the COMEX physical silver market. When compared to other physical commodities- particularly those commodities that are not nearly as scarce as silver, nor as difficult/ expensive to produce as silver, the current limit of 6000 contracts in the silver market seems patently excessive.

The other point I ask for the commitee's dilligence on is confirmation that speculative positions can be disruptive not only on the long side-allowing prices to explode to excessive levels as we saw with crude oil in 2008, but they can be equally disruptive on the short side- preventing the natural process of price discovery from regulating itself.

I would hope that any dilligence in enforcing speculative position limits on the long side would be equalled in force by equivalent position limits on the short side.

I thank you again for all your efforts to restore free (and fair) market practices to the US commodities trading sector.

Respectfully,
Robert Moore
[redacted]

From: Robert Chase
To: energyhearingcomments;
cc: Ellen J. Chase;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 3:44:30 PM

Chairman Gensler,

Thank you for allowing us as informed individuals to give our opinion on the new regulations and limits we feel need to be placed on commodities to avoid reckless volatile trading in the marketplace and to avoid the possibility of manipulation and collusion to control prices. As taxpayers, we have had our fill of the financial crisis that has continued to now in many sectors. It appears when the seemingly free market operates in an unfettered mode with little regulation or oversight, greed and ambition appears to take over and likens the chance that activities will become illegal. We speak for many of our neighbors when we state we want all the financial markets to go back to the orderly mode it was in the past even if that requires other holistic changes like the reintroduction of the Glass-Stegall Act and the uptick rule.

We have an important question on why no mention has been made by your regulatory group on the large short positions taken by a few (in sharp contrast to European banks) on gold and more so with silver commodities. You recall the silver short squeeze engineered by the Hunt brothers in Dallas when they controlled upward of 10% of the global market which moved the silver price to $50.00 . The price ultimately collapsed in 1981 and U.S. Senate hearings were conducted to investigate the situation and convict the guilty parties. Currently, according to the Commodities Futures Trading Commission public data on bank participation (please see your web site http://www.cftc.gov/marketreports), these few banks have steadily increased their short positions to about 29% of all Comex participants. Can this much market concentration destroy free market movements and run counter to the predictions and trends you forecast (at least in the short term)? This is clearly not fair to the public to have such excessive speculation and possible manipulation. The insult to injury is the fact that we as the public see this public data and we know it is plainly a few participants and only You know how the big players are. Secondly, if we really suspect there is illegal manipulation,why has there not been any thorough investigation or willing government oversight to halt such large positions? Must we wait til something blows up or a major newspaper reporter gives enough clues that embarrassment takes over so the agency has no choice in the matter but to prosecute. (look at SEC with Madoff). Please consider our opinion when you formulate new rules and enforcement. My wife is an Election Judge and Democratic Precinct Chair for Tarrant County. We both chair legistative committee positions with our County Democratic Party to report on state and federal legislation. We wish you and you team well.

Robert and Ellen Chase,

[redacted]

From: Steven E. Kimmey
To: energyhearingcomments;
Subject: Position limits etc
Date: Wednesday, August 12, 2009 3:38:30 PM

August 12, 2009

Ladies & Gentlemen,

Please thoughtfully consider the words of Gene Arensberg and Theodore Butler. The gravity of their concern centers upon the fairness and viability of the regulations governing the various American commodities exchanges. If it is found that commodities are allowed to be manipulated by excessive contract shorting, especially by a few well-connected, large commercial traders, capital will increasingly move away from our shores and be spent in other nations' exchanges that appear to be less fixed.

There is a growing distrust among many investors, like myself, that view one-sided, long-limits as only a means for our monetary policy makers to force their price-suppression agenda upon our system via commodity shorting. Genuine price discovery is prevented. Genuine price discovery is essential for a viable marketplace.

Either remove the long-limits or impose short-limits as well. If the perception of a manipulated market continues, the CFTC will suffer loss as a regulatory body. The reputation of the CFTC, as a fair arbiter of markets, will no longer exist; in its place will be the notoriety of a price-fixing agent. Who would want to invest their hard-earned capital in a market that is subject to the whim of forces beyond real supply and demand fundamentals? There would be no profit-incentive. This is the kind of moral hazard that creates future disasters and crises. Truly, fairness must prevail or investor interest will find another market.

Please consider that the reputation for managing genuine, market price discovery is much more valuable in the long-term than a short-term, quick-fix to the slow economic disaster we, as a nation, are brewing for ourselves. The CFTC can be part of the real solution rather than a pawn in the hastening of our demise.

If the value of the dollar is to diminish, what will we have left to transact business with other than raw materials and a fair system to distribute them?

Sincerely,

Steven E. Kimmey, CPCU
Account Executive

Cohen Partners LLC
New York & Philadelphia
(212)661-0465 x220; (215)568-8005 x220

1601 Walnut Street, STE 522
Philadelphia, PA 19102

Fax (215)568-1114 www.cpinsurance.com

From: Jeff Henry
To: energyhearingcomments;
Subject: "Energy Hearing Comments
Date: Wednesday, August 12, 2009 3:37:34 PM

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.

According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.

gentlemen.we the small investors know the large central banks are RIGGING the gold and silver comex markets. please stand up for "all of us smaller investors. the cartels are killing the true nature of what a working market is supposed to do. thank you jeff henry [redacted]

From: Hoffmeister, Paul A
To: energyhearingcomments;
Subject: Position limits
Date: Wednesday, August 12, 2009 3:31:21 PM

Dear CFTC Commissioners:
In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:
http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.
Thanks for your consideration.

Paul Hoffmeister
[redacted]

From: Bob Payne
To: energyhearingcomments;
Subject: A suggestion from an interested citizen
Date: Wednesday, August 12, 2009 3:30:25 PM

Ladies and Gentlemen on the Commission:

I realize that the focus of your hearings is on energy, but I hope that you are also aware of concentration and position limit issues in other commodities, both agricultural and in minerals/metals. In particular, I would like you to address existing extreme short positions in the silver market.

From commentator Ted Butler's newsletter last month:
"the level of accountability limits in silver is too large, by a factor of five or more compared to any other commodity (including gold). Even though the current limit needs to be reduced drastically from 6,000 contracts to between 1000 and 1500 contracts, the big shorts now hold a lot more than 6000 contracts each. One or two US banks hold a minimum of more than two and half times the obscene 6000 contract limit. If silver position limits were reduced to 1500 contracts, the big banks would be holding more than ten times that limit. That's insane."

This issue has been swept under the rug in the past. I hope this will change.

I can't say it any better than Ted Butler did, but I would ask you to act expeditiously to fix this problem which has existed for years, and has been getting worse all the time.

The first step is to immediately enforce the current [ridiculously high] limit of 6000 contracts.
The second step is to re-regulate limits down to a maximum of 1500 contracts for any long or SHORT position.
The third step is to prohibit any exemptions to the policy, now or in the future.
The fourth step is to give notice to existing position holders that are above the limits that they have a limited time to correct their excessive positions.

Thank you for your current and future efforts, with much appreciation for your work,

Robert T. Payne

From: Brian Alexander
To: energyhearingcomments;
Subject: short selling
Date: Wednesday, August 12, 2009 3:27:40 PM

Dear regulators,

Would all of you please listen to the input of Mr. Butler and Douglas. They seem to have a valid point on looking at the shorting verses long side of the picture. Another expert makes his case well on diverting attention to evil speculators. I truly believe from articles I have read that you need to look into businesses in your back yard. Something does not smell right. It is time to investigate where the smell is originating from. It is time to clean up the mess and get America back on track!!

Concerned for the future
Brian Alexander

From: fmaier1[redacted]
To: energyhearingcomments;
cc: Ted Butler;
Subject: Please Correct Unlawful Activity
Date: Wednesday, August 12, 2009 3:23:38 PM

Dear Regulators,

I am fully in agreement with Mr. Ted Butler's comment to your committee.

Additionally, I am a honest silver investor that feels that the silver prices are rigged. I am the guardian and take care of my 5 year old grandson that has CP, can not talk, can not walk, is blind, and has numerous other medical conditions. I am also close to 60 years old and can't out live my grandson hopefully.

I have been investing in silver bullion so that some day when my grandson has to go to a nursing home that my silver investments will have made a return high enough so that he can be taken care of in a nice nursing home and not one of the run down ones.

However, I feel cheated because in my opinion the silver price has been rigged and doesn't even reflect the price to mine the silver.

Those that cheat the system are dishonest and cause harm to the masses and honest people.

In summary, I fully agree with Mr. Ted Butler's comments and pray your committee will be honest and do the right thing. Honest investors are depending on you. Please set the proper short limits and other necessary regulations to stop the dishonesty.

Please feel free to contact me by phone to discuss this in person.

Farrell Maier
[redacted]

[redacted]

From: Allen Munro
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 3:18:53 PM

Thank you for your efforts to ensure open and fair commodity markets. It is important that limits be placed on the percentage of world annual production that may be 'hedged' (or gambled on) by any one player. These limits should apply to ALL commodities, not only to energy commodities.

Allen Munro, Ph.D. [redacted]
Professor of Research
USC Rossier School of Education
University of Southern California
[redacted]

From: Ben.Jackson[redacted]
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 3:10:18 PM
Attachments: Energy Hearing Comments - SunGard Kiodex.doc

Energy Hearing Comments

Dear Chairman Gensler and Commissioners,

Since much of the recent discussion around speculator activity in energy markets has been directed towards position limits, we believe a key objective in market regulation will be the creation of mechanisms that bring the greatest degree of market transparency in the form of timely and detailed information. This transparency will allow the Commission and other authorities to analyze, and quickly address trade activity deemed to be disruptive, manipulative, distortive and to the detriment of the greater good of the public. For these mechanisms to be effective, it is critical that they provide far greater reporting granularity and accuracy in classification of trading activity than is currently available. Also, the Commission and market participants must have the ability to understand, aggregate and report on position risk across all related domestic and foreign market venues. Contracts such as crude oil and natural gas trade on multiple exchanges and any new regulation in this area may in fact stimulate the creation of even more trading venues for these contracts. Understanding and managing position limits across exchanges will be an important underpinning to this initiative.

It is clear that position limits will be central to effective regulation. There are, however, legitimate concerns about the potential unintended consequences of improperly calibrated position limits. If not done correctly, the United States could end up with a policy that does not materially alter the overall level of market trading activity but that drives activity overseas or into less or unregulated physical markets; appropriate commercial hedging may be adversely affected by diminished liquidity; and the fracturing of existing businesses for the sole purpose of creating more trading entities, each subject to its own position limits, may create inefficiencies while diminishing the effectiveness of such an initiative.

Assuming properly calibrated position limits are set, transparency will be critical to successful market regulation and will not exist unless adequate, accurate and current information is available. Many market professionals acknowledge that there are some deficiencies in the information available in existing CFTC reports. Large financial institutions classified as commercial hedgers engage in legitimate hedging activity; however, they are also among the markets most active speculators. Conversely, many commercial businesses also take large speculative bets in the market.

SunGard's Kiodex anticipates the role information technology will play in allowing market participants to segregate and accurately report on the nature of their activity. Also, we work with customers today to provide solutions to understand their cross-exchange position risk in real time. We are working on ways to create a truly global picture of the market and expect that this will be central to successful market regulation. We would be pleased to discuss with the CFTC methods of monitoring this activity.

Respectfully,

Benjamin Jackson
Chief Operating Officer
SunGard Kiodex

[redacted]

From: .
To: energyhearingcomments;
Subject: Re: Energy Hearing Comments
Date: Wednesday, August 12, 2009 3:07:46 PM

Re:
Energy Hearing Comments
Speculative Position Limits in Futures Markets

Office of the Secretariat
Commodity Futures Trading Commission (CFTC)
1155 21st St., NW
Washington, DC 20581

Dear Ladies and Gentlemen:

I strongly recommend that the ***Commodity Futures Trading Commission*** be dissolved and all records turned over to the United States Attorney General and/or the ***FBI*** for prosecution of any acts of fraud.

I make this recommendation based on the obvious inability or unwillingness of the ***CFTC*** to follow their own rules on position limits, especially in gold and silver commodities.

Sincerely yours

From: Dean Wilde
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 3:00:25 PM
Attachments: 2009-04-12_DC Energy Holdings_CFTC_Energy Hearing Comments.pdf

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Dear Chairman, Commissioners and Staff of the CFTC:

Please find attached to this e-mail our comments regarding CFTC Hearings on Speculative Position Limits in Energy Futures Markets. It is in an Adobe PDF file. We are also forwarding a hard copy to your offices via FedEx.

Sincerely,
Dean Wilde

DC ENERGY

8065 LEESBURG PIKE, 5TH FLOOR • VIENNA, VIRGINIA 22182-2733 • DIRECT: 703.506.3902 • FAX: 703.506.3905 • WILDE@DC-ENERGY.COM

DEAN L. WILDE, II
MANAGING DIRECTOR &
CHIEF EXECUTIVE OFFICER

August 12, 2009

VIA EMAIL AND FEDEX

Office of the Secretariat
Commodity Futures Trading Commission
1155 21st Street, NW
Washington, DC 20581

RE: Energy Hearing Comments

Dear Chairman, Commissioners, and Staff of the U.S. Commodity Futures Trading Commission:

This letter is submitted as our "**Energy Hearing Comments**" with regard to the CFTC hearings on Speculative Position Limits in Energy Futures Markets. I am the Managing Director and CEO of DC Energy Holdings, LLC. DC Energy invests in the electricity and gas markets, and provides hedge products and liquidity to physical and financial participants. Our comments are summarized briefly into the following points.

1. **The decision to apply position limits and the limits themselves need to be based on facts and statistically valid analysis to ensure that they will have the desired effect.** We are concerned that political pressure is creating a rush to enact limits without the backing of sound empirical analysis that details if speculation in the financial markets causes price bias or increases volatility. We have seen a number of studies that show speculation does not create price biases or increase volatility, and have only found anecdotal stories in support of the opposing view, but the anecdotes don't hold up to statistical scrutiny. Given the prevailing empirical assessments, new policies which limit market volumes and financial activity must be carefully vetted to ensure they do not result in more harm than good.
2. **Price bias (or manipulation) and volatility is primarily a concern for physically deliverable contracts, rather than with financially settled contracts.** The physical contracts affect the end user and define the settlements for financial contracts. Financial contracts on energy can no more affect physical energy settlements than can financial weather derivatives affect the actual weather. Therefore, it makes more sense to focus any attention on position limits to the physical market, or perhaps to apply limitations to the physical trading around settlement expirations to holders of excessively large financial contracts.
3. **Position limits, if they are instituted, should be applied to aggregate net positions.** The aggregation should net positions across exchanges and bilateral agreements, so that participants would be accountable for their total net position. Without this provision, competition amongst exchanges will be severely harmed as new exchanges will not be able to compete because their independently measured open interests would result in prohibitively low limits for participants.
4. **Products that trade in different geographic areas for different prices (e.g. power hubs, natural gas basis) should be aggregated for purposes of netting as well.** This is important because consumers and producers of power and energy are local. They produce power or energy at specific, granular locations and consumers buy it at specific locations. Correspondingly, they would like to hedge their positions at these specific locations because prices can vary from location to location. Financial investors providing hedges need to offer products at these locations and then often obtain some offsetting position at a more liquid hub. These geographic differences should be netted to

capture the full economic position, so that a "short" hedge at one location is measured in light of its "long" offsetting position at another location. Failure to perform this geographic netting will limit the availability of locational hedges for both consumers and producers, which will raise the cost of capital for producers and ultimately increase the price paid by the consumer.

5. **Position limits, if they occur, should be set and reviewed by the CFTC for each market with a view to the market size (current and desired), to promote liquidity, and encourage competition.** Pricing will be more efficient and hedge products will be cheaper, if there is more competitors and if it possible to transact without undue influence on price (i.e. liquidity). *Larger financial markets enable this outcome*. Consequently, the consumer benefits when the financial market is large relative to the underlying physical market. Unfortunately, there is a lingering myth that a commodity traded financially incurs higher cost because a "middleman" is taking a cut every time a commodity is traded. This is clearly not the case, as a financial trade creates a long and short contract by two parties that is indexed to the price of the commodity – it is not part of the distribution system for the physical commodity. In fact, the opposite is true, and the consumer and economy benefit as more investors compete given their viewpoints on the commodity's future. *If position limits result in smaller less liquid markets they will have failed. Larger liquid markets provide robust prices discovery, more competition, and are much more resistant to price manipulation than small illiquid ones.*
6. **Financial contracts should be cleared through clearinghouses, if exchange traded central counterparty clearing is available for the contract.** Central counterparty clearing is based on making the contract viable independent of the company that buys or sells the contract, via the clearing process and cash margins. This allowed the contracts held by Lehman Brothers to remain viable, even when Lehman was not. Consequently, central counterparty clearing provides the lowest systemic risk. Cash requirements will tend to make financial participants less leveraged, and physical participants can borrow the cash requirements using their physical assets. . The end result is that entities' positions will be naturally (and equitably) limited by the amount of direct financial backing provided (which will serve to lessen the need for CFTC-imposed position limits).
7. **Price manipulation is best addressed with case-by-case efforts.** Both financial and physical participants are harmed by price manipulation, and we support aggressive efforts to eliminate it. While it is important to have regulations that require good conduct, it is difficult to eliminate bad conduct by removing all the tools that could enable it. Such drastic actions carry high probabilities of unintended and negative consequences, particularly in markets as complex as these. The most effective deterrent will be conscientious investigation of all suspicious trading activity. This will do more to encourage proper behavior than the promulgation of blanket rules that often have loopholes or exemptions, and often carry some implicit cost to society through suppressed competition and liquidity. In the event new rules are adopted, they should contain sunset/renewal provisions so that they may be adapted with the experience of implementation.
8. **Hedging exemptions should be allowed for financial participants.** Properly hedged financial participants will be better able to provide liquidity to the markets, and will better withstand catastrophic market movements.

We would be happy to elaborate further on these comments, if that would be helpful.

Thank you for considering our opinion when making your decisions.

Sincerely,

From: WST
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 2:58:40 PM

August 12, 2009

Dear Chairman Gensler,

This comment is with regard to position limits in energy and other physical commodities. In particular, I would like to comment on the Comex gold and silver futures markets.

Because of the finite supply and the large positions in gold and silver by a few traders, this creates an unhealthy market environment subject to large speculative moves and a longer term detriment to these markets. I would encourage you to place much stricter open position trading limits, both long and short on the gold and silver markets.

Respectfully submitted,

Wm. S. Thomasma

From: gail vidrine
To: energyhearingcomments;
Subject: comments on excessive shorts
Date: Wednesday, August 12, 2009 2:53:11 PM

Chairman Gensler,

As another voice in the crowd of commody investors, I strongly support your efforts to bring commody investing under regulation and parity for the average investor.

Please look at the massive short positions against the major metals, e.g., gold and silver. These positions so massively alter the playing field as to unlevel it to an extent that the effect exceeds that the effects of longs and later shorts you noticed in oil last year. The impact of these shorts on average American citizens will eventually far outweigh the impacts of the longs on oil--here is an opportunity to prevent an absolute calamity in the 'value of money.'

My comments are a direct result of a detailed examination of Mr. Ted Butler's work--please refer to his work during your deliberations.

Many thanks!

Malcolm F. Vidrine, Ph.D.
Professor of Biology

From: Legal
To: energyhearingcomments;
cc: myoung@kirkland.com;
Subject: Energy Hearing Comments - Futures Industry Association
Date: Wednesday, August 12, 2009 2:48:16 PM
Attachments: Energy Hearing Comments 081209.pdf

Attached please find the Futures Industry Association's comments regarding the issues discussed at hearings held on July 28 and 29 and August 5.

legal@futuresindustry.org
Beth Thompson
Futures Industry Association
2001 Pennsylvania Avenue, NW
Suite 600
Washington, DC 20006-1823
(202) 466-5460

Futures Industry Association
2001 Pennsylvania Ave. NW
Suite 600
Washington, DC 20006-1823

202.466.5460
202.296.3184 fax
www.futuresindustry.org

FIA

August 12, 2009

Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, N.W.
Washington, D.C. 20581

Attn: Office of the Secretariat

Re: Energy Hearing Comments

Dear Secretariat:

The Futures Industry Association greatly appreciates having had the opportunity to submit a written statement to the Commission and to provide oral testimony on the important issues of energy prices, price discovery and position limits. The Commission received a wealth of information on the many challenging subjects that are embedded in your review of these issues. In the interest of completing the record, FIA is submitting the attached materials as a modest supplement.

In our written statement (at 3), FIA addressed the criticism "that prices are too high and have been driven in that direction artificially by new kinds of market participants." Based on the then available information, we concluded "to date, no credible consensus has formed on this issue of causation."

The record of the Commission's hearings further supports our conclusion.

Professor Philip Verleger, Jr., Haskayne School of Management, University of Calgary, PKVerleger LLC, testified that, "The increase in crude prices between 2007 and 2008 was caused by the incompatibility of environmental regulations with the then-current global crude supply. Speculation had nothing to do with the price rise." Further, he testified that "Commodity index funds act to stabilize oil price movements." Professor Verleger submitted considerable data to support his conclusion.

John Hyland, Chief Investment Officer of United States Commodity Funds LLC, testified that his companies' data showed that when prices were rising his company's positions were essentially either flat or declining. His data illustrated why he concluded there is no casual relationship between his very large positions and price movement both with respect to natural gas and oil.

In contrast, Michael Masters, who appeared on the hearing panel with FIA, continued to claim that "passive investment" "has driven commodity prices higher" and relied on a chart on page 13 of his testimony. The chart is claimed to show that "as Index Speculators pushed money into the commodities derivatives markets and bought more WTI Crude Oil derivatives, WTI Crude Oil prices rose and when they pulled money out, prices fell."

Data provided to us in chart form by an FIA member firm calls into question Mr. Masters' chart and its underlying methodology The charts are submitted for the record and the Commission's consideration. In sum, Chart 1 illustrates the difference in two correlation measures, one comparing all commodity index futures positions (both already established open positions and new positions) to the GSCI Spot Price Index (the Masters way on the right side of the page) and the other comparing the flow of new commodity index futures buying to the GSCI Spot Price Index (the chart on the left side of the page). The result reflected in the chart on the left in Chart 1: there is no sustained correlation for index traders' new futures buying and GSCI.[1]

Chart 2 depicts why the Masters approach is skewed. Comparing futures contract value to futures positions that are, like many index positions, established and then held open shows, unremarkably, that the value of a single open crude oil futures contract is correlated perfectly with the price of the crude oil contract. That is the point. Mr. Masters seems to have set up a self-fulfilling prophecy by measuring the changing value of already open futures index trading positions. Those positions, by definition, must be correlated with price movements. But that just means they are open positions that are tied to current market prices. It doesn't mean those positions logically affect the price.[2]

As the Commission well knows, through the legitimate price discovery process, even the most innocent futures trading or commonplace trading strategies may have an immediate price impact. The question is whether new long futures positions established through index trading have a sustained, more than immediate price impact. Charts 3 and 4 are directed to that question.

---

1 The charts embedded on the left hand side of Charts 1, 3 and 4 include references to the net flow of new long futures positions attributable directly to index trading. The charts do not include the OTC swaps activities of index traders or the net flow of futures positions established by swaps dealers that enter into OTC swaps with these index traders. The dealers' futures positions surely play a role in futures price discovery. The Commission's economists may therefore find it useful to add the flows of dealers' positions to the analysis contained in the left-hand side of Charts 1, 3 and 4.

2 A securities investment illustrates this concept as well. If we were dealing with a stock which we bought for $60 a share, and a few days later the price jumped to $70 a share while we were sitting on the beach, it would be illogical to say that since the correlation between our holdings and the stock price was 100% that we "caused" the price increase. But that kind of correlation is embodied in the Masters approach.

Charts 3 and 4 measure the long term price impact of index trading purchases of futures both for all physical commodities and crude oil. Both charts reveal a negative correlation, meaning that over the period shown, new futures purchases by index traders if anything were correlated with price declines.

Chart 5 shows the relative size of commodity index trading when compared to all trading in commodity futures contracts. In 2008, the total notional amount of commodity futures trading was $60 trillion. The total of all index trading in 2008 was $1.3 trillion, including both initial purchases of new positions and the scheduled roll of positions (short and long) contemplated by most index traders. The total of all new index trading positions in 2008 was $250 billion dollars, a nano-sliver of the total $60 trillion traded.

FIA would welcome review of these charts by the Commission's economic staff and would be happy to discuss with the Commissioners any reaction they might have to these materials.

Again, we applaud Chairman Gensler's leadership in convening the recent hearings and soliciting additional comments on these important issues. The Commission's hearings demonstrated well the wisdom of the congressional decision years ago to create an expert futures market regulatory body. These are challenging issues that require careful thought and attention to resolve appropriately. We look forward to assisting the Commission in its efforts in any way we can.

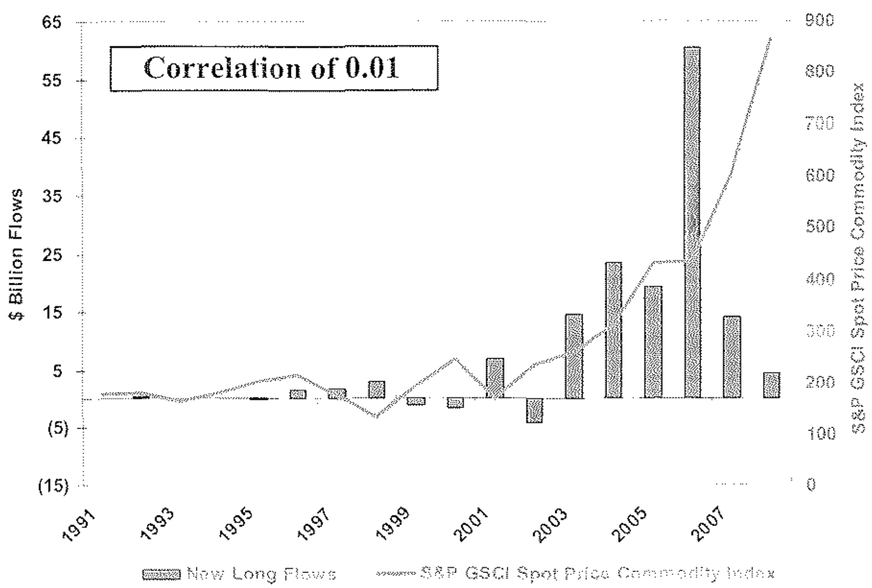
Sincerely,

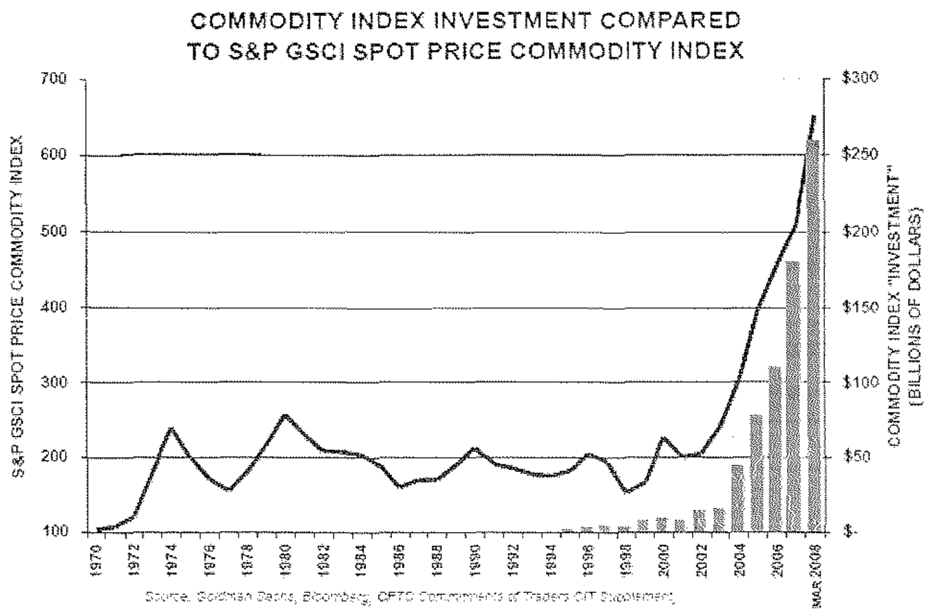
John M. Damgard
President
Futures Industry Association

New "Long" Flows (left) vs. Commodity Index Levels (right)

- **Michael Masters' analysis is depicted in the chart on the right below. He compares what he claims to be total commodity index speculation to the price levels of the S&P GSCI Spot Price Index. Masters asserts the strong correlation of these two data sets shows that "Index Speculator Demand is Driving Prices Higher."**
- **Masters' approach conflates both already open long futures positions and new long futures positions in trying to show that commodity index trading has a major sustained impact on futures prices.**
- **Futures prices, however, are affected when new long (and short) positions are established. Have the flows of new longs from index traders had a sustained impact on prices? The chart to the left below answers "no."**
- **Net new futures "long" flows and commodity price index levels are not correlated.**

Price vs. New "Long" Flows (L) and Price vs. Commodity Index Investment Level (R, Masters) 1/1991-6/2008 (L) and 1/1970-3/2008 (R)



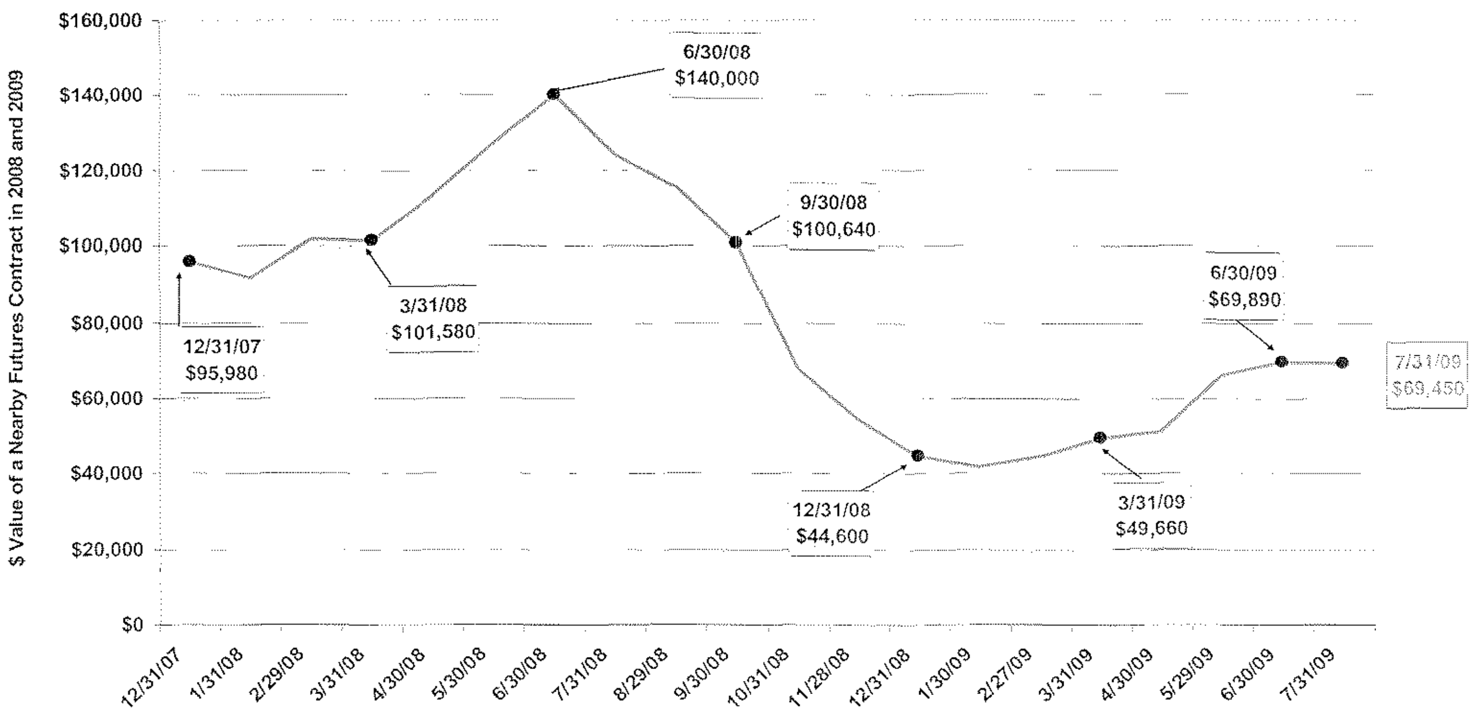


Source: Bloomberg, Barclays, Michael Masters

Crude Oil Contract Value in 2008 and 2009

- The chart below depicts the truism that a single open Crude Oil futures position will increase or decrease in value as the price changes. If this open position was held by an index trader, the Masters approach would treat this chart as showing a strong price correlation.
- But holding an open position will have no impact on price levels, just as holding 100 shares of IBM will not drive IBM's share price higher or lower.
- The Masters approach is skewed because he treats open positions being held by index traders as new positions that could have a price impact.

Month-End Value of a single Nearby Crude Oil Futures Contract from 1/2008 to 7/2009

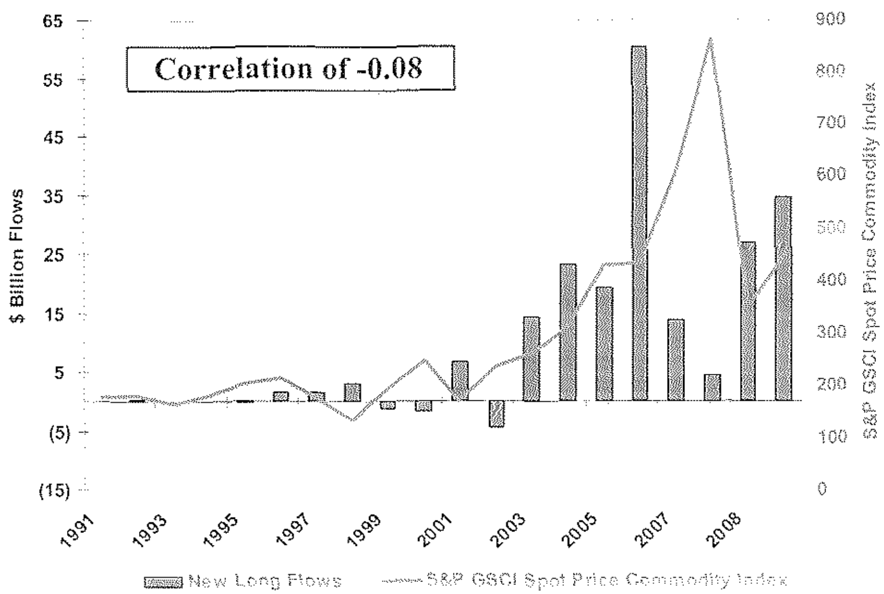


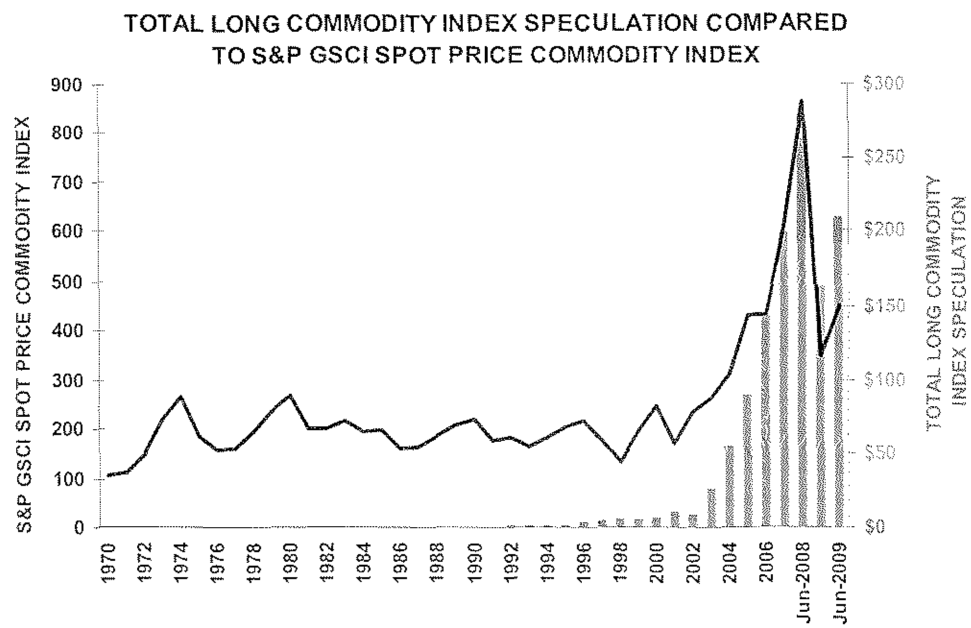
Source: Bloomberg

Net New "Long" Flows (Left) vs. All Long Index Positions (Masters, Right)

- In the second half of 2008, at the same time that commodity prices were falling, the flow of new net long futures positions established by index traders rose. See the chart below to the left.
- Masters' approach as shown in the chart to the right below shows total long positions, both open and new.
- By breaking out only the flows of net "long" positions, the chart to the left below indicates the correlation of actual new index trading positions and price is negative.

New Long Flows vs. GSCI Price (L) and Total Long Commodity Index Speculation vs. GSCI Price (R) 1/1991-6/2009 (L) and 1/1970-6/2009 (R)



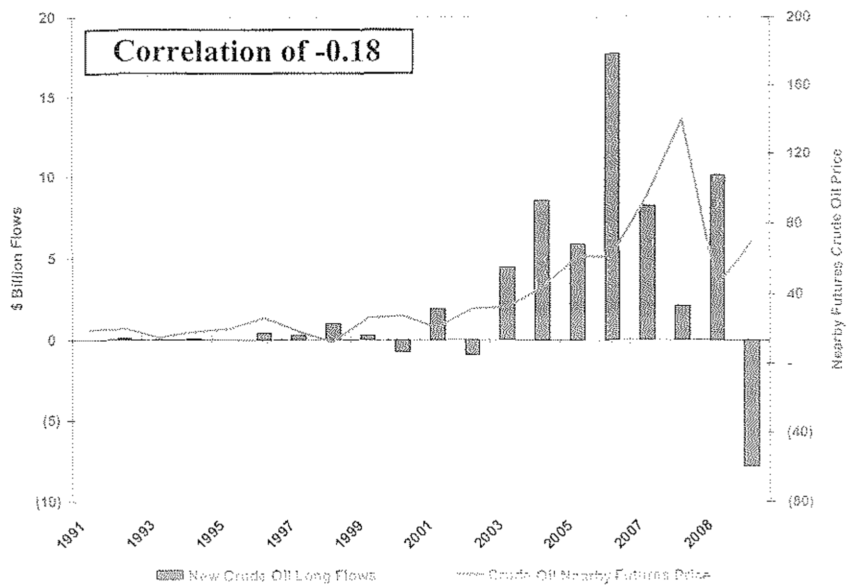


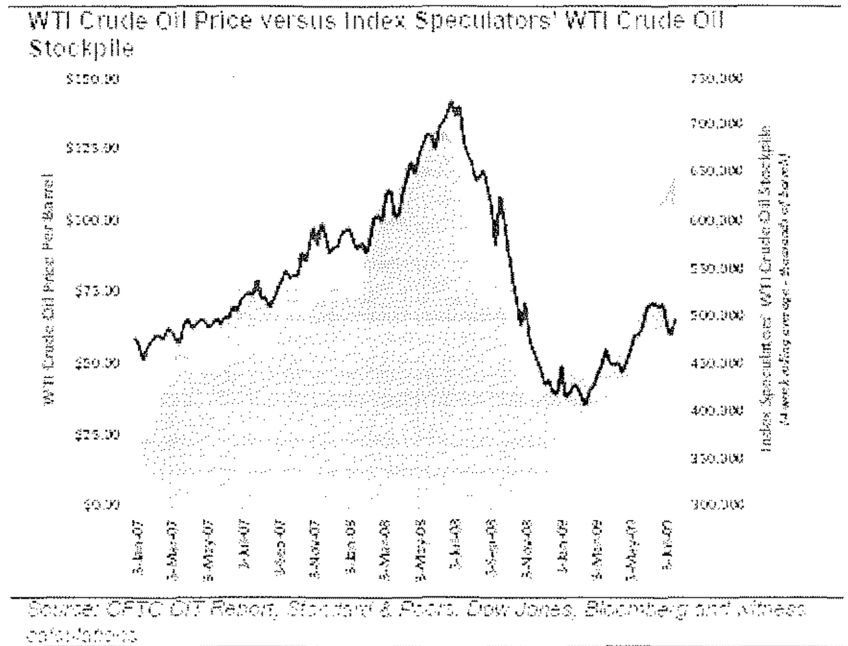
Source: Bloomberg, Barclays, Michael Masters

Net New "Long" Flows vs. All Long Index Positions (Crude Oil)

- **This chart is the same as Chart #3 but focuses only on Crude Oil.**
- **The chart on the right follows the Masters approach of combining all index positions, both already open and new positions, and correlating those positions to price.**
- **The chart on the left breaks out only the new net long positions established through index trading. Those positions had a negative correlation with the price of Crude Oil.**

New Long Flows vs. Crude Oil Price (L) and Index Speculators vs. Crude Oil Price (R)
1/1991-6/2009 (L) and 1/2007-6/2009 (R)



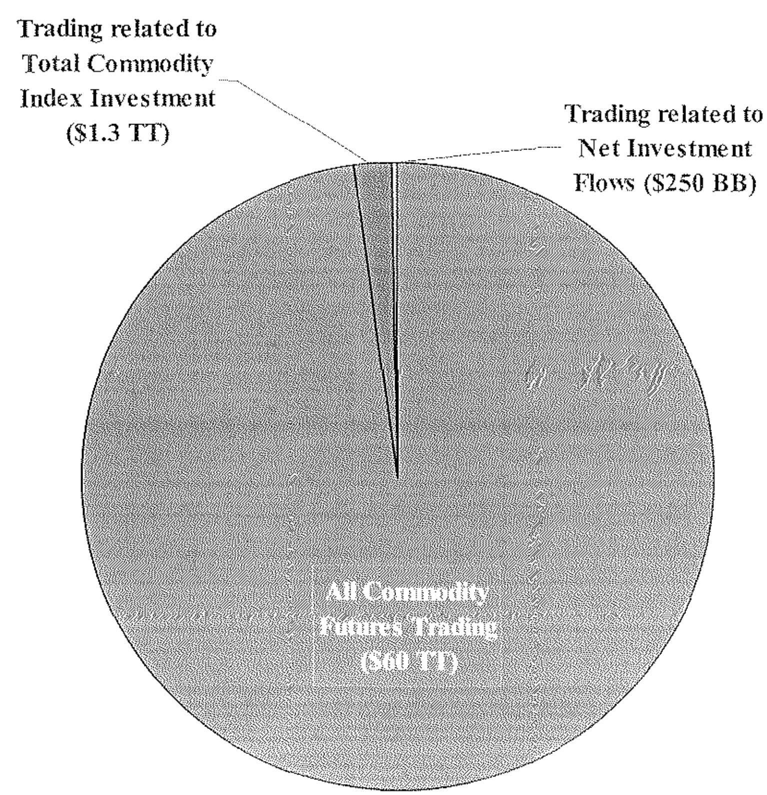


Source: Bloomberg, Barclays, Michael Masters (pg. 13 of August 5, 2009 Testimony)

Total Commodity Futures Trading vs. Index Trading and New Long Flows

- **All futures trading related to commodity index investment was less than 2% of total commodity futures trading in 2008.**
- **Futures related to net new long flows was less than 20% of commodity index trading in 2008 and represented a nano-sliver of total commodity futures trading.**

Commodity Trading in 2008



Source: FIA, Barclays, Bloomberg

From: ritch[redacted]
To: energyhearingcomments;
Subject: Yes On Enforcement of Limits
Date: Wednesday, August 12, 2009 2:47:17 PM

Please restore my faith in the CFTC. For years I have watched AIG, JP Morgan and others blatantly manipulate the silver price, and you guys have just stood on your hands despite excellent proof, undoubtly from orders from Treasury.

I can understand how you need to manipulate the gold and silver price to protect ye old dollar which we all rely on so I am not totally unsympathetic to your plight.

Just because this would have been a good move back in the 1980's according to the Fed chairman (Volker) at the time, doesn't mean it is a good move now. If gold and silver was allowed to move naturally, I think you would also see real estate move back up which is at the root of this economic malaise. Yes the dollar may sink some, but I think that is the lesser of evils now. A little faith in free markets might be good now, as it has worked for 233 years (1776-2009).

Ritch McBride
[redacted]

From: Bill Osborne
To: energyhearingcomments;
Subject: CFTC Position Limits Review
Date: Wednesday, August 12, 2009 2:43:46 PM

Dear CFTC Commissioners:

During your review of position limits for the commodity futures markets I urge you to review the limits for short side positions as well as for long side positions. The Gold Anti-Trust Action Committee has uncovered substantial circumstantial evidence over the last ten years that the gold and silver markets are being manipulated by short side commercial and banking interests. The current highly concentrated short positions in gold and silver held by the large New York banks need to be looked into. In summary markets can be unfairly traded from both the long and the short side. No one should be allowed to have an unfair trading advantage in our markets.

Thank you for your considerations.

Bill Osborne
[redacted]

From: Douglas Mica
To: energyhearingcomments;
Subject: position limits on silver
Date: Wednesday, August 12, 2009 2:39:45 PM

dear sir, No other market comes as close to fittings the profile of a manipulated market than does comex silver on the short side. I urge you to change that profile by establishing position limits of no more than 1300 contracts in Comex silver and also restrict any exemption to that limit to the actual producers and consumers of the metal. Thanks, Douglas mica

[redacted]

From: MicroCapMaven[redacted]
To: energyhearingcomments;
Subject: Gold and Silver Trading
Date: Wednesday, August 12, 2009 2:24:38 PM

Dear CFTC Commissioners:

I have written to you repeatedly about manipulation of the precious metals markets. There is no legitimate business case for the gigantic shorting of gold and silver. The perpetrators appear to be using their de facto, overwhelming monopoly to hold down and simultaneously exploit the market, through periodic takedowns.

I hope that you will remedy the situation.

Thanks for your consideration,
George Miller
~~~~~~~~~~~
~~~~~~~~~~~

From: Kerry Bates
To: energyhearingcomments;
Subject: Speculative Position Limits Hearing
Date: Wednesday, August 12, 2009 2:22:35 PM

Dear Sirs,

My interest is in seeing speculative position limits applied to all markets the CFTC oversee. Both long and short positions.

Why should a few large traders--Banks--Commercial positions be allowed to manipulate the markets?

I attach two letters below drafted by Ted Butler and Adrian Douglas, whose recommendations should be included in your process.

Thank you for your consideration and action.

Kerry Bates.

August 10, 2009

Chairman Gensler,

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.

I have excerpted the following passages from your opening statement of August 5th. You said:

"I believe that position limits should be consistently applied across markets for physical commodities of finite supply."

"…, I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated."

"The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity."

According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.

Theodore Butler

Butler Research LLC

Tuesday, August 11, 2009

Gary Gensler, Chairman
U.S. Commodity Futures Trading Commission
3 Lafayette Centre
1155 21st St. N.W.
Washington, D.C. 20581

Dear Chairman Gensler:

Your hearings on position limits in the commodity futures markets have presupposed that the issue is speculation on the long side. You will not correctly regulate markets if your inquiries and hearings are being conducted from the conclusion you want to make and then work backwards.

The fundamental problem is not with finite resources but with infinite production of dollars. You are turning a blind eye to the manipulation of markets on the short side (and the massive OTC derivatives markets) that is undertaken to mask the uncontrolled creation of fiat dollars backed by nothing.

The price suppression is rampant and is making finite commodities even more finite as it becomes uneconomic to produce them. The paper promises to supply commodities from stocks that do not exist suppresses prices.

The CFTC has been investigating price manipulation in silver and gold for almost a year. The manipulators here will be drawing a pension before you recognize manipulation. Meanwhile the U.S. Senate can apparently recognize long-side manipulation of wheat and even crude oil in a flash.

Why have your hearings focused on how oil rose to $147 per barrel and not equally how it fell to $35 per barrel and how the dollar made a magnificent rise in the middle of a credit crisis, a feat never before achieved?

Federal Reserve Chairman Ben Bernanke testified in response to U.S. Rep. Alan Grayson that the rise in the dollar was a total coincidence even though it occurred even as half a trillion dollars of currency swaps were executed with foreign central banks. Really? And was it an equal coincidence that as a result of the dollar's rising from the dead the entire commodity complex cratered, including the most time-honored safe-haven asset, gold?

Any limits you put on trading must be applied equally to short sellers. But the CFTC's investigation needs to dig into how markets are being manipulated at the behest the U.S. government to maintain dollar hegemony so that imports can be purchased for free and so the United States doesn't have to compete in the global marketplace to manufacture anything anymore except a torrent of greenbacks.

My guess is that you will aid and abet the continuation of this Ponzi scheme because that is so much easier than doing what is right and what you are paid to do as a servant of the American people.

Regards,

Adrian Douglas

From: Greg Mathews
To: energyhearingcomments;
Subject: Hearings
Date: Wednesday, August 12, 2009 2:20:48 PM

Dear Sirs,

I am in 100% agreement with the position of Ted Butler regarding CFTC position limits that he discusses in his letter below. You are urged to make a fair playing field for all.

Regards,
Greg Mathews
[redacted]

August 10, 2009

Chairman Gensler,

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.

I have excerpted the following passages from your opening statement of August 5th. You said:

"I believe that position limits should be consistently applied across markets for physical commodities of finite supply."

"…, I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated."

"The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity."

According to data contained in the most recent Commitment of Traders and Bank

Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

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I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.

Theodore Butler

Butler Research LLC

From: Srichlee[redacted]
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 2:15:42 PM

Although these comments ore not on energy per se, I'd like to state that I feel all commodities should be governed by the same rules, especially on short sales.

Richard Stearns

[redacted]

From: Michael Rank
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 2:10:33 PM

CFTC Commissioners:

I strongly applaud your efforts to reign in excessive speculation on energy futures. Please remember, however, that speculation per se is neither good nor evil and that speculators indeed do provide necessary liquidity to futures markets. I also urge you to broaden your review of position limits to include all physical commodities, both long and short.

Of particular interest to me, an individual investor, is the Comex silver market. COT and Bank Participation reports strongly suggest that an illegal concentration exists that is highly detrimental to the existence of a free market. All I ask is that CFTC enforce existing law to ensure an even playing field for those of us seeking to invest in commodities, like silver, that theoretically should provide a hedge against the probable decline in the value of the USD. Substantially reducing silver position limits would be a welcome re-leveling of that playing field. Thank you.

Michael P. Rank

From: Horst Von-Eiff
To: energyhearingcomments;
Subject: Energy hearings comments
Date: Wednesday, August 12, 2009 2:05:13 PM

Chairman Gensler,

thank you for the oportunity to give a short statement concerning the COMEX-market of silver futures.
To set a limit of maximum 1000 til 1500 silver-short-contracts would be a first step to reduce the criminal manipulation of the silver market.
Friendly greetings

Horst Von - [redacted]

From: thelmajones[redacted]
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 1:46:10 PM

Aug 12 2009

Chairman Gensler:

Please see that reasonable speculative position limits are instituted for both long as well as SHORT futures contract positions. I have no quibble with bona fide commodity hedges made by a commodity-producing companies.
However, there is a real problem when speculative positions by a large bank or a handful of investors are large enough to cause manipulative price movements.
Keep speculative limits to 1500 contracts or less.

Thank you,
Thelma Jones

From: Jorge Barba
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 1:41:04 PM

To Whom It May Concern,

I am writing to applaud the CFTC for investigating the abusive practices of Wall Street speculators. I am the average, run of the mill middle class American that's fed up of being victim of the greed of a small handful. I wish, hope and pray the CFTC will listen to the pleas of these victims such as myself and place limits on the abuse these speculators have had on our wallets and economy. I firmly believe the current out of touch oil prices are the result of de-regulation beliefs of the Bush administration.

As a consumer at the hands of this recession, I do not spend my disposable income freely. Whatever money I have left over after rent, utilities and outrageous gas prices, I save in the bank. I refuse to spend my money freely by injecting it into other areas. Retail businesses for example will not see my money while gas prices are absurdly high. At the rate things are going, I wouldn't be surprised to see $4 per gallon gas again. It's for this complete disgust and distrust in Wall Street that I will remain tightfisted with my income. I will not be counted on to do my part of injecting money into the economy while oil speculator run amuck.

It disgusts me to no end how a few speculators can have so much power over energy prices. Their justification to cause these huge price swings are fairy tales. I'm not an economist but even I can see a complete disconnect between Wall Street and Main Street. Wall Street speculators are justifying these upward oil swings by claiming all the data says the recession is over and that demand will be up. Meanwhile, here on Main Street I see the complete opposite. The recession is not over and demand is not up. The numbers clearly show that demand is down, even for the summer. The numbers also show oil supplies swelling. Speculators are justifying their actions on events that haven't even occurred.

The economy was thriving under Bill Clinton's presidency. Yet gasoline was in the $1 range. Currently the economy is nowhere near as good shape as it was then, yet gasoline is $3 per gallon. I'd hate to see what oil and gas would cost if the economy truly were healthy. This is a clear abuse of Wall Street speculators that have no restrictions and have free rein to do whatever they want.

As a consumer I ride my bicycle round trip to work as well as errands around town. It's my way of putting my foot down and reduce the money I have to spend on gasoline. The lower demand of oil which has been reflected in the numbers demonstrate that I'm not the only American putting their foot down to this abuse.

The only way this country will see a true economic recovery is to lift this weight of high gas prices off the consumer. It's folks like I that hold the key to fixing what the last President did. It's folks like us that will pump our money into other segment of the economy and therefore create recovery. But that will not happen while we carry the burden of high energy prices caused by unjust speculators who are clearly removed from what's really happening in our economy.

Jorge Barba
[redacted]

From: Eric Lindvall
To: energyhearingcomments;
Subject: CFTC position limits in gold and silver futures trading
Date: Wednesday, August 12, 2009 1:38:28 PM

CFTC Commissioner

Please put short side position limits on gold and silver. This is more important than long side limits in putting a stop to the manipulation

by a few large traders.

Thank you for your attention to this long overdue correction.

C. Eric Lindvall
[redacted].
[redacted]

From: Steve Loy
To: energyhearingcomments;
Subject: Comex Short Sales
Date: Wednesday, August 12, 2009 1:35:45 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.
Please stop the manipulation.

Thanks for your consideration This email was sent from home or REMOTE location--

Steve Loy
[redacted]

From: Jon Nimtz
To: energyhearingcomments;
Subject: Thank you for your efforts
Date: Wednesday, August 12, 2009 1:26:59 PM

August 12, 2009

Dear CFTC Commissioners:

I do not normally write government regulators, but the events of the past year have been very disturbing to me. It is clear that there appears to be significant gaps in regulatory oversight of several markets that have allowed potential manipulation of markets to occur. I sincerely applaude your recent investigation into position limits to help curb future manipulative potential in this area.

I am amazed how many of my friends and business associates are all becoming acutely aware of these issues, and how it is beginning to dominate our casual conversations that used to be about sports, children's activities, and leisure subjects. Now the first words out of our mouth tend to be about the latest abuses by large corporate entities who appear to be benefiting at the great expense of the public.

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are absolutely as necessary as long-side limits to prevent potential manipulation and harm to the investing public. As they say, an ounce of prevention is worth a pound of cure. In this case, taking steps to prevent the possibility of manipulation will serve to provide strong protection against the severe market disruption that would ensue if a failure to deliver would occur from a trader who has a large, concentrated short exposure to a finite commodity, such as oil, gold, or silver.

Thank you for investigating this subject and for your efforts in protecting the investing public.

Jon Nimtz
[redacted]

[redacted]

From: rafael perales
To: energyhearingcomments;
Subject: Position Limits
Date: Wednesday, August 12, 2009 1:21:39 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Rafael Perales
[redacted]

From: sbchristian
To: energyhearingcomments;
Subject: CFTC Hearings on Speculative Position Limits
Date: Wednesday, August 12, 2009 1:19:56 PM

Chairman Gensler,

The following passages are from your opening statement of August 5th.

"I believe that position limits should be consistently applied across markets for physical commodities of finite supply." "…, I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated."

The CFTC allows major banks to illegally manipulate the Silver Futures market and it must be stopped. This is just one example in a long line of examples throughout the US of how the big players flout the law and make billions. I hope you actually stand by your statement and stop this illegal manipulation by the Big Banks.

Regards,

Stephen Christian

From: jlewis3846[redacted]
To: energyhearingcomments;
Subject: Regarding energy hearings
Date: Wednesday, August 12, 2009 1:18:05 PM

Office of the Secretariat
Commodity Futures Trading Commission
1155 21st St., NW
Washington, DC 20581

Dear Commissioners:

It seems odd that just two US banks continue to have such a dominate positions in short futures contracts in silver at the COMEX. Would it not be tempting for these two banks to use this large and concentrated short position to manipulate or intimidate this market? No other commodities except gold, platinum and palladium have such concentrated short positions. Who do these two banks represent?

Sincerely yours,

Jeffrey Lewis

[redacted]

[redacted]

[redacted]

LONG SHORT OPEN
DATE COMMODITY
FUTURES % INTEREST

08/04/09 CMX SILVER
0.0 29,813 30.0 99,477

8.1 3,211 3.2

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8.1 33,024 33.2

[redacted]

BANK

TYPE COUNT FUTURES %

U.S. 2 15

NON U.S. 15 8,038

---- --------- ----

17 8,053

From: Keith Parizek
To: energyhearingcomments;
Subject: Short sales and position limits
Date: Wednesday, August 12, 2009 1:17:12 PM

Ladies and Gentlemen:

1. If you do not stop naked short selling now and ordinary short selling for the duration of our downturn, you are part of the problem now ocurring in our country. A naked short sale is a near fatal stab in the back of any American company trying to make a comeback in this enviornment. I am amazed and disappointed at the number of respected financial editors who are promoting short sales when we need American capital to be investing in our country and not others. You and you alone must make drastic changes NOW to reverse this trend.

2. Position limits must be limited because they make easy all the things that I have listed above.

3. You folks have the capability to restore financial stability to this country that will eventually have greater effect than a lot of the fiscal stimulus money that has already been spent.

4. Please create trust in our financial system by stopping all naked short selling now and also ordinary short selling until our financial system has again won the trust of American investors as well as the rest of the world.

Sincerely,

Dr. Arthur K. Parizek
[redacted]

From: Sterling Farr
To: energyhearingcomments;
Subject: Short side position limits
Date: Wednesday, August 12, 2009 1:13:45 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are just as necessary as long-side limits. Please do the right thing. The silver market is not "free".

Thanks for your consideration.

Sterling Farr
[redacted]

From: bigumbr[redacted]
To: energyhearingcomments;
Subject: SHORT SIDE POSITION LIMITS
Date: Wednesday, August 12, 2009 1:06:38 PM

DEAR SIR,JUST A SHORT NOTE TO LET YOU KNOW THAT IT IS AS IMPORTANT TO SET SHORT SIDE POSITION LIMITS AS IT IS TO SET LONG SIDE POSITION LIMITS.I KNOW,THAT AS A PUBLIC SERVANT,YOU WILL SEE TO THE INTERESTS OF THE PUBLIC AND DO THE RIGHT THING FOR THE PUBLIC FOR WHOM YOU ARE IN OFFICE TO SERVE. THANK YOU FOR YOUR TIME.   ARNOLD WILLIAMS

From: Clem Malecki
To: energyhearingcomments;
Subject: your solicitation of comments
Date: Wednesday, August 12, 2009 1:05:40 PM

Messieurs/Dames- If you do not find it your duty to protect investors from the corrupt silver/gold shorting rapaciousness of Goldman Krupp and I.G. Morgan, please just vote to disband. Clement Malecki [redacted]

From: tacitus[redacted]
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 1:04:53 PM

Chairman Gensler,

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply.

For a long time I have great concerns about the disproportional large short position large bullionbanks like JP Morgan-Chase holds in silver and gold.

It is obvious for me that there is a strong possibility that these short-positions can be used to manipulate the gold and silver markets. I urge you to take notice of the great work GATA has put forward concerning this matter. I urge you to read these articles in particular.

http://news.silverseek.com/TedButler/1250014324.php

and

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

John Tacitus
[redacted]

From: Paul Barr
To: energyhearingcomments;
Subject: position limits
Date: Wednesday, August 12, 2009 12:58:36 PM

Dear CFTC,

Thank you for conducting hearings recently on setting position limits on physical commodities. Your recent comments are most appropriate. See your quotes below:

"I believe that position limits should be consistently applied across markets for physical commodities of finite supply."

"..., I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated."

It is my hope that position limits will be imposed to avoid market distortions and to allow for a more transparent and fair physical markets for all market participants.

Your efforts in this regard are most appreciated.

Sincerely,

Paul A. Barr
President
Barr Asset Management

From: Lionel Broderick
To: energyhearingcomments;
Subject: America is DEAD
Date: Wednesday, August 12, 2009 12:57:37 PM

Dear CFTC Commissioners:

Honestly, I am so disgusted with our government that I am hesitant to take the time to write this letter. Sadly, today there are leaders in our country. Only those that want to make a buck for themselves and be on their way. Slowly over the last 30 or so years those in government of chipped away at our rights to their own and their cronies benefit. The rights of the people are ignored or pushed to the side while laws are ignored or simply changed to meet the needs of a few.

In the long run, the best thing for our country will be a blood and guts war in the street. A revolution, where we take back our country from thieves. It is the only way to shock people back to doing the right thing rather than the self serving thing.

So, you are looking at tightening the laws on gold and silver trading but only the longs not the shorts.

If you don’t know what the right thing to do is, than you simply should not be holding your posts and you should resign, maybe today.

The fact that you are considering one without the other shows that you are controlled by our government. Or, paid off by someone. Maybe, we should be investigating your ethics.

Today you will make a decision that will screw a lot of hard working people out of money because you support the shorts.

Your job is to protect everyone but you only protect yourself and your cronies.

FOAD,

Copy of QB Logo 2

Lionel Broderick
[redacted]

From: Charles Krogman
To: energyhearingcomments;
Subject: silver and gold price suppression by the government
Date: Wednesday, August 12, 2009 12:55:45 PM

Dear CFTC members,

Please heed the advice and comments submitted by Ted Butler and GATA board member Adrian Douglas, and stop this illegal price fixing and suppression.

You have for years failed to take corrective action to end this excessive concentrated short position of a few investment banks. Stand up now and do the right thing and your legal charge.

Charles Krogman
[redacted]

From: Eddie Qi
To: energyhearingcomments;
Subject: Position limits in the commodity futures markets
Date: Wednesday, August 12, 2009 12:53:25 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Eddie Qi
[redacted]

From: Allen Larson
To: energyhearingcomments;
Subject: Energy hearing comments
Date: Wednesday, August 12, 2009 12:48:46 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thank you for your consideration.

Allen R. Larson
[redacted]

From: john steidel
To: energyhearingcomments;
Subject: fair and free markets
Date: Wednesday, August 12, 2009 12:44:45 PM

Stop the manpulation of the commodities markets.

Stop the naked shorting in the commodities market.

all actions should be above board and on the table.

Thank you
LCDR John B Steidel USNR ret

From: davehmur
To: energyhearingcomments;
Subject: Make the Silver Market Fair.
Date: Wednesday, August 12, 2009 12:44:37 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

David Murray
[redacted]

From: Patricia Gillman [pngillman@gmail.com]
Sent: Wednesday, August 12, 2009 12:43 PM
To: energyhearingcomments
Cc: Andrew Bastow; pngillman@gmail.com
Subject: Energy Hearing Comments

August 12, 2009

Secretary

Commodity Futures Trading Commission

1155 21st Street, NW

Washington, DC 20581

Re: Energy Hearing Comments

Dear Sir,

In response to the Commission's request for public input into whether federal speculative position limits ("speculative position limits") should be set by the CFTC for commodities of finite supply, Winton Capital Management Limited ("Winton"), a CFTC registered CTA and CPO, would like to make a number of observations about the energy markets, which we hope you will find helpful.

Formation of Speculative Position Limits in the Energy Markets

Winton naturally believes that the commodity futures markets provide a valuable price discovery and risk transfer mechanism, in which futures prices follow current and future expectations of physical market fundamentals. Notwithstanding that belief, Winton acknowledges that excessive speculation has the potential to impinge on the efficient functioning of those mechanisms in the short term.

In the event that the Commission determines that energy market speculative position limits are necessary, consideration ought to be given to implementing a set of tapered position limits. Appropriately narrow limits would be applied to the front months, with limits becoming progressively more relaxed further out along the expiry curve and potentially unlimited for those months furthest out.

Winton believes that this configuration of limits is supported by the following observations[1]:

- In absolute terms, speculation in the energy markets, as measured by open interest (OI) as a proxy, is not significant compared to the level of production.
  - Crude oil OI (incl. Crude, E-mini Crude & Brent Crude) amounted to approximately 2.4bn barrels of oil, the equivalent of only 8% of annual world production, which stood at approximately 31bn barrels in 2008.

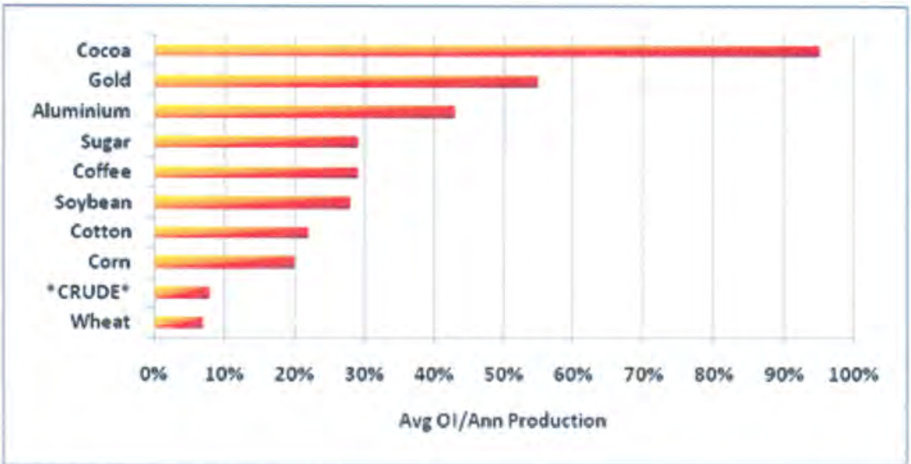
➢ Relative to levels of speculation in other commodity markets, the degree of speculation in the energy markets is not exceptionally high, as shown in Figure 1.

- o Crude oil OI as a percentage of annual world production (8%) is significantly lower than that of, for example, Soybeans (28%) and Aluminium (43%).

➢ OI in the energy markets is heavily concentrated in the front months.

- o OI in the first six Crude contracts accounted for approximately 58% of total Crude OI.
- o OI in the Crude front month contract was approximately 16% of monthly world production; double the value of total Crude OI as a percentage of annual world production.

Figure 1: Commodity Markets' Average OI as a percentage of Annual Production (based on 2008 data)



By tapering the size of speculative position limits towards the spot month, greater control may be exerted over the front months where OI is concentrated and the potential for market dislocation is most acute, whilst encouraging greater participation further along the curve, helping to preserve and possibly enhance the risk transfer mechanism.

In order to increase the potential effectiveness of tapered position limits, Exchanges could be encouraged to construct incentive programmes designed to promote increased levels of trading in the further out contract months.

As the Commission holds its hearings on energy speculative position limits over the next two weeks, we hope that consideration may be given to the comments contained in this letter. We at Winton would be pleased to speak with any Commissioner, CFTC staff member or member of the Energy and Environmental Markets Advisory Committee who has questions or would like further elaboration of our thoughts. I and Nicola Malhotra, Winton's Head of Risk Management, may be reached at 011-44-20-7610-5350. US Counsel, Patricia Gillman, is reachable at 773.665.9787.

Yours sincerely,

David W. Harding

Chief Executive Officer and Head of Research

From: JT
To: energyhearingcomments;
Subject: Fw: Silver Market Manipulations
Date: Wednesday, August 12, 2009 12:40:54 PM

FYI ------------ jpt

--- On **Tue, 7/28/09, JT [redacted]** wrote:

From: JT [redacted]
Subject: Silver Market Manipulations
To: "Gary Gensler" <ggensler@cftc.gov>
Date: Tuesday, July 28, 2009, 5:22 PM

Dear Chairman Gensler ----------------

As a longtime market observer, and silver enthusiast, I encourage you and your Board Members to give your concentrated attention and interest to the very suspect manipulations of the silver market.
I do agree with Ted Butler that the position limits in COMEX silver should be reduced to the suggested level of 1,000 contracts. And, that the suspect hedge exemptions for non-producers and consumers be eliminated.
Your attention to these matters will be appreciated.
Respectfully --------------
John P. Tyson M.D. // [redacted]

From: Redd
To: energyhearingcomments;
Subject: Market manipulation
Date: Wednesday, August 12, 2009 12:31:53 PM

Please refer to comments made by Gata,As a INVESTOR we need Free Markets not Manipulated Markets. Sincerely Marion Cummins [redacted]

From: robert kuzman
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 12:29:22 PM

The huge run-up in oil to $147 and then the subsequent crash was entirely done by speculators gambling wildly (it's easier than going to Atlantic City); if you want to stop this kind of wild price gyrations then increase margin requirements to 100% of the contract's value, limit the participants to those companies who really need to hedge (airlines, shipping etc.). Stop letting people like me gamble wildly on energy products, I have personally helped the wild price swings by gambling repeatedly in the markets..

Rob Kuzman

[redacted]

From: Jeff & Karen
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 12:12:53 PM

We recognize that the focus of your hearings was on energy, but that you are also aware of concentration and position limit issues in other commodities.
We would ask that you address, in any rule makings, the silver market, and specifically the short side (we're pretty sure you'll address the long side, which is not historically the problem in this market).

From Ted Butler last month:
"the level of accountability limits in silver is too large, by a factor of five or more compared to any other commodity (including gold). Even though the current limit needs to be reduced drastically from 6,000 contracts to between 1000 and 1500 contracts, the big shorts now hold a lot more than 6000 contracts each. One or two US banks hold a minimum of more than two and half times the obscene 6000 contract limit. If silver position limits were reduced to 1500 contracts, the big banks would be holding more than ten times that limit. That's insane."

We can not say it better than Ted Butler did, but we CAN ask you to act expeditiously to fix this problem of many years:

The first step is to immediately enforce the current [ridiculously high] limit of 6000 contracts.
The second step is to re-regulate down to a maximum of 1500 contracts for any long or SHORT position.

Thank you for your current and future efforts, with much appreciation for your work,

Jeff and Dr. Karen Allstadt

From:	Carole
To:	energyhearingcomments;
Subject:	Position limits in the Commodity futures markets.
Date:	Wednesday, August 12, 2009 12:12:13 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

August 10, 2009

Chairman Gensler,

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.

I have excerpted the following passages from your opening statement of August 5th. You said:

"I believe that position limits should be consistently applied across markets for physical commodities of finite supply."

"..., I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated."

"The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so

as to decrease liquidity."

According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change *that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.*

Theodore Butler

Butler Research LLC

And by commodity market analyst Adrian Douglas here:

Tuesday, August 11, 2009

Gary Gensler, Chairman
U.S. Commodity Futures Trading Commission
3 Lafayette Centre
1155 21st St. N.W.
Washington, D.C. 20581

Dear Chairman Gensler:

Your hearings on position limits in the commodity futures markets have presupposed that the issue is speculation on the long side. You will not correctly regulate markets if your inquiries and hearings are being conducted from the conclusion you want to make and then work backwards.

The fundamental problem is not with finite resources but with infinite production of dollars. You are turning a blind eye to the manipulation of markets on the short side (and the massive OTC derivatives markets) that is undertaken to mask the uncontrolled creation of fiat dollars backed by nothing.

The price suppression is rampant and is making finite commodities even more finite as it becomes uneconomic to produce them. The paper promises to supply commodities from stocks that do not exist suppresses prices.

The CFTC has been investigating price manipulation in silver and *gold for almost a year. The manipulators here will be drawing a pension before you recognize manipulation. Meanwhile the U.S. Senate can apparently recognize long-side manipulation of wheat and even crude oil in a flash.*

Why have your hearings focused on how oil rose to $147 per barrel and not equally how it fell to $35 per barrel and how the dollar made a magnificent rise in the middle of a credit crisis, a feat never before achieved?

Federal Reserve Chairman Ben Bernanke testified in response to U. S. Rep. Alan Grayson that the rise in the dollar was a total coincidence even though it occurred even as half a trillion dollars of currency swaps were executed with foreign central banks. Really? And was it an equal coincidence that as a result of the dollar's rising from the dead the entire commodity complex cratered, including the most time-honored safe-haven asset, gold?

Any limits you put on trading must be applied equally to short sellers. But the CFTC's investigation needs to dig into how markets are being manipulated at the behest the U.S. government to maintain dollar hegemony so that imports can be purchased for free and so the United States doesn't have to compete in the global marketplace to manufacture anything anymore except a torrent of greenbacks.

My guess is that you will aid and abet the continuation of this Ponzi scheme because that is so much easier than doing what is right and what you are paid to do as a servant of the American people.

Regards,

Adrian Douglas

Short-side position limits are absolutely as necessary as long-side limits.

Thank you for your consideration of my opinions and thoughts.

Leroy R. Hutchinson

From: Ryan Chennault
To: energyhearingcomments;
Subject: Position Limits
Date: Wednesday, August 12, 2009 12:11:17 PM

Dear Chairman Gensler and CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Ryan Chennault

[redacted]

[redacted]

[redacted]

From: caguinta[redacted]
To: energyhearingcomments;
Subject: Please Limit Short Positions
Date: Wednesday, August 12, 2009 12:10:02 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.
Thanks for your consideration.

Craig A. Guinta
[redacted]

[redacted]

From: Mike Davis
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 12:09:22 PM

August 12, 2009

Chairman Gensler,

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. My comments relate to two markets – the COMEX silver and gold futures markets.

In your opening statement of August 5th. You said: "I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity."

According to data contained in the your own Commitment of Traders and Bank Participation Reports, the level of concentration on the short side of COMEX silver and gold futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After spreads are removed, the net short position of the largest traders exceeds well over half of the total net open interest in both markets. Such levels of concentration simply do not exist in any other market for physical commodities.

As a remedy, the Commission should impose a speculative position limit of no more than 1500 contracts in COMEX silver and gold futures on both the long and short sides. While the hearings were more about enforcement of positions limits to prevent excessive speculation on the long side, existing commodities law requires you to guard against manipulation and excessive speculation on the short side as well.

Also, any exemptions from speculative position limits should be granted only to actual producers or consumers of the physical commodity. Those engaged in only in financial trading (e.g. the commercial banks) should not be allowed to exceed the limit of 1500 contracts in COMES gold or sliver.

Thank you for your time and consideration.

Michael F. Davis

[redacted]

From: Angelo Di Fusco
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 12:05:03 PM

August 12, 2009

Chairman Gensler,

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. This is the time to finally put an end to the manipulation by a few concentrated short position traders who are holding down the price of silver. The concentration of silver as stated in the COT is more than any other commodity at any given time. Me and my colleagues have raised this issue with the CFTC for several years and now is the time to get serious and actually put this practice to an end.

Thank you

Angelo Di Fusco

From: Calvin Hotchkiss
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 12:04:24 PM

Dear Sirs;

I am hopeful that these hearings will finally put an end to the illegal manipulation of the Comex Silver Futures Market.

A few large banks use concentrated short positions to control the silver markets. A fair playing field is long over due.

Please institute realistic Position Limits in order to eliminate this ongoing criminal activity.

Regards, Cal Hotchkiss
[redacted]

From: jcpreece tds.net
To: energyhearingcomments;
Subject: energy hearing comments
Date: Wednesday, August 12, 2009 12:03:57 PM

Chairman Gensler and Commissioners,

The huge short positions of a few huge Wall Street banks is a drain on the market. Yes, I know the market has never been a level playing field, but it time to stop management of the markets. Particularly Silver and Gold . The short positions of Goldman/JPMorgan are criminal. Yes, Wall Street owns Washington lock, stock, and barrel, but try to stop it as we are getting fed up with" look the other way "regulators. Do the RIGHT thing. Wall Street//Morgan-Government Sachs//Washington---Who is the Dog and who is the Tail? Which is the CFTC? Remember Superman--Truth , Justice, and the American Way.
jc preece
[redacted]

From: Zabaly, Vincent
To: energyhearingcomments;
Subject: Comex Silver Futures Market
Date: Wednesday, August 12, 2009 11:58:39 AM

Chairman Gensler,

I have the following comments regarding the Comex Silver Futures Market.

First thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.

I have excerpted the following passages from your opening statement of August 5th. You said:

“I believe that position limits should be consistently applied across markets for physical commodities of finite supply.”

“…, I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated.”

“The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity.”

According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.

It seems that the only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also most strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

Lastly I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.

Vincent Zabaly

From: Ric Ronveaux
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 11:55:59 AM

I believe that position limits should be consistently applied across markets for physical commodities of finite supply.

I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated.

This is especially true as it pertains to the short side of COMEX silver. The level of the current accountability limit of COMEX silver futures, on an all months combined bases, is way out of line compared with any other commodity.

2 US banks account for more than 40% of total shorts with the 4 largest traders exceeding 66% of total net open interest.

Please restrict any position limit to 1500 contracts in COMEX silver and restrict any exemption to that limit to the actual producers and consumers of silver.

Respectfully, Richard Ronveaux, [redacted]

From: jwinner[redacted]
To: energyhearingcomments;
Subject: Silver & Gold Trading
Date: Wednesday, August 12, 2009 11:55:14 AM

Dear CFTC,

Please listen to Theodore Butler's request sent to you by e-mail. We definitely need regulation in our precious metals market as proven by the COT reports.

Thank You!
John Winner
[redacted]

From: David Weishaar
To: energyhearingcomments;
Subject: Commodity Futures Markets
Date: Wednesday, August 12, 2009 11:49:03 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thank you for your consideration.

David

David Weishaar
Senior Account Executive
Merit Financial
[redacted]

From: Don
To: energyhearingcomments;
Subject: DO THE RIGHT THING not the typical greed based decision
Date: Wednesday, August 12, 2009 11:44:56 AM

I know it is impossible for anyone in government or industry to DO THE RIGHT THING as our system does not reward this.

If what we have seen in the CFT market has not been enough to show HOW DESTRUCTIVE these practices are to the planet and 99.9% of the people then we will just continue on our rapid decline lead by clueless, greedy, selfish and very ignorant people.

As I said you people could not do the right thing if your life's depended on it, and sadly in part ours does.

Don Clark

From: Dave.Larson[redacted]
To: energyhearingcomments;
cc: nrgdave@mindspring.com;
Subject: Short-side position limits - Comment
Date: Wednesday, August 12, 2009 11:43:10 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Dave Larson
Project Management Analyst
CompuCom
[redacted]

From: Jeff Wanshel
To: energyhearingcomments;
Subject: energy hearing comments
Date: Wednesday, August 12, 2009 11:42:55 AM

Good CFTC:

Kindly allow me to observe, hopefully without sounding too testy, that the CFTC has for some time allowed long-term illegal abuse of the U.S. futures markets by banks on the SHORT side of the silver and gold markets.

It's transparent to those who follow these markets, and are not just rooting for the home team, that limiting long side participation without equal offsetting short side limits - and in some markets rather than others - would constitute rigging those markets on the long side.

Would all business go elsewhere? Hard to say - it's tough to establish just how dumb the participants in a market where so many of those who dip a toe in, get fleeced, may be.

Short side concentrations in the silver and gold markets run another risk, that the whole sorry enterprise will suddenly, spectacularly fail, pull the other U.S. futures markets with them, spark yet another panic, and inititate yet more proceedings, in re: how did this happen?

These markets are already rigged - on the short side - by just such illegal manipulation as the CFTC claims to be addressing - should be addressing, but is not - it's just playing pass-the-hot-potato.

Position limits: good idea. Longside only positions limits, ignoring markets where two thirds of the open (short) interest is in the hands of TWO PARTICIPANTS: Charlie Chaplin.

Very Sincerely Yours,

Jeff Wanshel

From: breizize[redacted]
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 11:39:01 AM

Dear Chairman Gensler,

I support your intention to limit speculative positions in energy and other physical commodities and strongly urge you to move to have these position limits "...consistently applied across markets for physical commodities of finite supply". Thank you for listening to all of us small fry who have seen evidence of the abuse of such speculative positions to seriously undermine the free market in these commodities.

Yours truly,

Robert Tompkins
[redacted]

From: Jim Davis
To: energyhearingcomments;
Subject: Position limits on Silver
Date: Wednesday, August 12, 2009 11:36:14 AM

Please stop the crime, put position limits on silver so that one megabank can't short a hugh percentage of the market. A lot of people are livid over this as it has been going on for years and the regulators do nothing.

Thank you
Jim Davis

From: Arthur Salna
To: energyhearingcomments;
Subject: MARKET MANIPULATION
Date: Wednesday, August 12, 2009 11:31:27 AM

SIRS: PLEASE ADDRESS THE CONCERNS FORWARDED BY BUTLER AND DOUGLAS. TRANSPARENCY PLEASE!

A LEE
[redacted]

[redacted]

From:	Jim
To:	energyhearingcomments;
cc:	"Jim";
Subject:	Urgent message, please take heed and do your job properly while you have the chance
Date:	Wednesday, August 12, 2009 11:31:25 AM

I am one of many many many many U.S. citizens urging the commission to heed the comments sent to the commission by Butler and GATA board member Adrian Douglas.

Butler's comments can be found here:

http://news.silverseek.com/TedButler/1250014324.php

Douglas' comments may be found here:

http://www.gata.org/node/7683

Your public servant status requires you to act accordingly and put position limits in gold and silver trading, on both the LONG side, and the SHORT side. Please don't fail the American public, as this also has world wide implications besides.

This has gone on for years, and it is long enough, position limits for everyone (no hedging or big bank exemptions) must now be strictly imposed.

Sincerely,

J Sto

[redacted]

From: Charles & Karin
To: energyhearingcomments;
Subject: limit short position limits
Date: Wednesday, August 12, 2009 11:27:36 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Charles Coleman

[redacted]

[redacted]

From: Mike Mauriello
To: energyhearingcomments;
cc: Chilton, Bart; Gensler, Gary;
Subject: Comment in regard to enforcement of position limits in the futures markets
Date: Wednesday, August 12, 2009 11:25:07 AM

To Whom It May Concern,

Please consider short-side position limits as well as long-side limits.

They are just as vital to a fair market.

Thanks for your consideration.

From: Brian
To: energyhearingcomments;
Subject: CFTC
Date: Wednesday, August 12, 2009 11:23:26 AM

Dear CFTC Commissioners:

I have been following (or trying to) the monetary and financial policies of the US Government for several years now and am *very* alarmed at the inside the Keynesian box thinking that seems to prevail to the exclusion of long term common sense.

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Brian G. D'Aoust, Ph.D.
[redacted]

From: George Douglas
To: energyhearingcomments;
Subject: Short side position limits in the commodity futures markets
Date: Wednesday, August 12, 2009 11:22:40 AM

Dear CFTC Commissioners:

Having followed the precious metals for some years, and seen the "odd" PM market price behavior in the last few years, and read the essays addressing same by a variety of experienced precious metals analysts, I fully agree with the request here given.

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

[redacted]

From: cyn02003[redacted]
To: energyhearingcomments;
Subject: For Your Consideration
Date: Wednesday, August 12, 2009 11:22:40 AM

I am writing this note to ask that you heed the comments sent to the commission by Mr. Ted Butler and GATA board member Mr. Adrian Douglas.

Butler's comments can be found here:

http://news.silverseek.com/TedButler/1250014324.php

Douglas' comments may be found here:

http://www.gata.org/node/7683

Sincerely,

Cynthia Miller
[redacted]

From: John Belles
To: energyhearingcomments;
Date: Wednesday, August 12, 2009 11:21:59 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

John Belles

[redacted]

[redacted]

From: Robert LeChevalier
To: energyhearingcomments;
cc: Senator Harry Reid; Senator John Ensign;
Subject: Gold and Silver contracts
Date: Wednesday, August 12, 2009 11:21:50 AM

Dear Sirs,

I have written repeatedly to my legislative representatives (Senators Reid and Ensign) on the issue of gold and silver contract manipulation by two banks, JP Morgan Chase and HSBC. These two banks, no secret who they are, hold commanding positions in these metal contracts and use these positions to routinely short these metals thereby robbing individual investors, like myself, who hedge these metals to protect their investment portfolios. One has only to look at the trading charts for these metals to see the methods being employed by these banks. Before I became aware of this illegal practice, I was trading these metals and a lost a considerable amount. I no longer trade these metals.

I am old enough to remember when the two brothers attempted to corner the silver market back in the 80's and lost their shirts. It is my belief that at some time in the future this is likely to happen again to these two banks. When they lose control of these metals, both banks will similarly lose their shirts and then will come crying to us the tax payers for bailouts. It is the CFTC's responsibility to level the playing field and stop these crooks. I will expect a reply to this e-mail for actions taken against this illegal practice.

Robert LeChevalier
[redacted]

From: John Belles
To: energyhearingcomments;
Subject: metals market manipulation
Date: Wednesday, August 12, 2009 11:20:01 AM

Greetings,

I implore you to stop the short side manipulation of the silver and gold markets by big banks. Those of us who work in these mines and invest in these metals don't need large banks driving the prices down (this could not be more obvious) to save the value of their over printed dollar!!
A brief study of the facts would lead you to know the truth of the matter (see http://news.silverseek.com/TedButler/1250014324.php).
YOU ARE RESPONSIBLE TO YOUR TAX PAYERS, GET YOUR JOB DONE!!!

John Belles
[redacted]

From: Ralph "Buck" DeMarco
To: energyhearingcomments;
Subject: Energy Hearing Comments - Position limit reform needed for commercials
Date: Wednesday, August 12, 2009 11:05:30 AM

Dear Commissioners:

re: Energy Hearing Comments

It is long past time to reform the position limits in Silver and Gold in the commercial category. Only one or two banks monopolize the commercial short activity in both metals. Massive shorting in after hours markets clearly not designed to make sense for any legitimate commercial activity are hallmarks in these markets, particularly silver where the net commercial position has never been not net short since 1986. As a result, with the commensurate depressed prices the silver mining companies all post losses and the entire industry barely limps along as major silver miners have continued to go bankrupt over the years.

These one or two banks are clearly conducting speculative shorting activity not of a commercial nature. Just looking at the notional amount of derivatives they hold the numbers have skyrocketed while actual legitimate demand has been significantly more sanguine creating a prepostorous snapshot of market player positions. This situation would not exist if the regulators did not turn a blind eye to the out sized position limits held that are far in excess of those in any other commodities markets. The illegitimate and unfair market conditions in silver and gold are clearly observable for anyone with eyes to see.

Sincerely
Ralph DeMarco
[redacted]

From: paul totten
To: energyhearingcomments;
Subject: energy hearings comments
Date: Wednesday, August 12, 2009 11:03:12 AM

---

energy hearings comment

Dear Sirs:

Please, please do the right thing for us little people and place position limits on the giants that are manipulating the markets and unfairly affecting prices, on oil and especially gold and silver.

thank you for your consideration,

paul totten
[redacted]

[redacted]

From: H J Bergami
To: energyhearingcomments;
Subject: Gold and silver futures trading;
Date: Wednesday, August 12, 2009 11:01:59 AM

Please consider the small investors in your consideration of concentrated contracts in these markets. It is obvious to all interested parties that several of the larger banks are using short trades to manipulate prices in their favor. You are the only protection the small investor has from these ponzi bandits!

Sincerely;
H J Bergami
[redacted]

From: Mitch Floyd
To: energyhearingcomments;
Subject: CFTC hearings
Date: Wednesday, August 12, 2009 11:00:27 AM

Dear CFTC Commissioners,

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Mitch Floyd
[redacted]

From: charlie wheeler
To: energyhearingcomments;
Date: Wednesday, August 12, 2009 10:59:42 AM

I support your action

C.D.Wheeler
[redacted]

[redacted]

From: Steven Perry
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 10:55:41 AM

There is obvious manipulation in the energy market that must be dealt with using limits on how many contracts a single entity can hold, long or short.

That obvious manipulation is very much more seen in silver and gold contracts where one or two bullion banks hold the vast majority of the short positions and use the size of their positions to drop the prices illegally and certainly unfairly. They pull their bids and cause huge market drops that can clearly be seen. They could not do this as dramatically if the number of contracts they can hold was minimized. As it is they have shorted more than 75% of a year's entire production in these precious metals. No single entity should be allowed that clout and control.

Their ability to control and retard the market should be terminated immediately.

The Hunt brothers were stopped when they appeared to be doing the same thing. Therefore why is J.P. Morgan allowed to do this?

I want these deceptive and manipulative practices stopped.

In addition to asking you the CFTC to intervene and cease this illegal activity, I will be contacting my elected representatives and donating money to groups also fighting to end these practices.

Thank you for your consideration.

Respectfully;

Steven W. Perry

From: rand[redacted]
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 10:52:42 AM

I appreciate the efforts the committee is making in the area of energy futures.

Please take time to consider the silver market that is presently dominated (manipulated) by a handful of bullion banks on the short side.

From: Johan Goffin
To: energyhearingcomments;
Subject: position limits
Date: Wednesday, August 12, 2009 10:52:02 AM

Dear CFTC Commissioners,

In regards to position limits in the commodity futures markets, I urge you to heed the comments made by Mr. Adrian Douglas here:

http://news.silverseek.com/SilverSeek/1250049681.php

Thanks for your consideration,

Johan Goffin

----- Original Message -----
From: Johan Goffin
To: energyhearingcomments@cftc.gov
Sent: Wednesday, August 12, 2009 4:19 PM
Subject: position limits

Dear CFTC Commissioners,

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration,

Johan Goffin

[redacted]

From: Brannan Rowe
To: energyhearingcomments;
Subject: Short-side Position limits
Date: Wednesday, August 12, 2009 10:49:36 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Brannan Rowe
[redacted]

From: Kevin Merry
To: energyhearingcomments;
Subject: Kevin Merry
Date: Wednesday, August 12, 2009 10:49:15 AM

Hi

With just a few banks holding all the shorts in the silver market and 1500 contract limits for buyers, without a doubt this market is rigged. Just how many buyers are there for 1500 contracts anyway? This gives the shorts insider info in what they have to short in order to stay the buying. Sweet.

Even still it is a losing battle and when delivery is demanded on their gross short position and defaults occur, heads will roll and it will be the regulators I want on a stick unless they were pro-active to end this travesty.

Good guys or bad guys, it's your choice.

Yours truly,

Kevin Merry

From: Off World Theatre
To: energyhearingcomments;
Subject: gold market manipulation to support the dollar
Date: Wednesday, August 12, 2009 10:45:32 AM

I agree with Adrian Douglas' Comments as posted on the GATA Website, in particular, this paragraph:

"Any limits you put on trading must be applied equally to short sellers. But the CFTC's investigation needs to dig into how markets are being manipulated at the behest the U.S. government to maintain dollar hegemony so that imports can be purchased for free and so the United States doesn't have to compete in the global marketplace to manufacture anything anymore except a torrent of greenbacks." Adrain Douglas

Let's have Government for the people by the people again, not government by the Fed and for the Fed and Goldman Sachs.

Let the markets work. And let the people know the truth about the real condition of our country, our economy, our markets, our resources,
and our currency.

Sincerely,

Elyse Knight
[redacted]

From: Kevin Helrich
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 10:42:13 AM

To all concerned,

I agree totally with Ted Butler and Adrian Douglas regarding position limits in the futures markets with special attention to the egregious goings on in the silver futures market.

Thank you,
Kevin Helrich

Sai *Baba*

From:	Ralph Benincasa
To:	energyhearingcomments;
Subject:	Position Limits Hearing
Date:	Wednesday, August 12, 2009 10:40:52 AM

Dear Chairman Gensler,

The reform of commodity position limits is one of the most important tasks in the world right now. This issue is paramount. Scrutinizing long side manipulation completely misses the target, but that is the point of your hearings I suppose. Any limits put on trading must be applied equally to short sellers. For instance in COMEX silver; as of August 4, 2009 two large U.S. banks represent 76.3% of all commercial net short positions. Just two "bona fide hedgers" literally dominate the short side of the COMEX silver market. But the CFTC's investigation needs to dig into how markets are being manipulated at the behest of the U.S. government. Our monetary system is debt based. Manipulation of commodity futures occurs to keep prices for real things especially commodity money capped so the issuance of new debt money can continue unabated. New debt money can be created by the stroke of a keyboard at the FED. New Oil, Gold, Silver, Copper, Wheat, etc.

cannot be created out of thin air. That is our problem. Finite things and infinite debt money a.k.a. Federal Reserve Notes. Short side manipulation as well as long side manipulation must be addressed in order to "balance the scales". Please do the right thing. Investigate both sides of the market, otherwise the integrity of Americas commodity trading system will be exposed as fraudulent.

Regards,

Ralph Benincasa

From: Ray Hrynyk
To: energyhearingcomments;
Subject: Enforce position limits
Date: Wednesday, August 12, 2009 10:37:18 AM

Dear Person:
In the interest of keeping America the shining light in the world of finance, please enforce position limits in the futures markets. Such action on your part will ensure a truly free market.
Ray Hrynyk
[redacted]

From: Carol Rawle
To: energyhearingcomments;
Subject: Butler and Douglas
Date: Wednesday, August 12, 2009 10:35:50 AM

Please consider seriously the information submitted by these GATA representatives regarding silver shorts manipulating and suppressing the silver price. It hurts us small silver investors. I've personally lost money due to this unfair practice.

Carol Rawle
[redacted]

From: Brent Anderson
To: energyhearingcomments;
Subject: Stop the manipulation of the commodities market!
Date: Wednesday, August 12, 2009 10:35:06 AM

Gary Gensler, Chairman
U.S. Commodity Futures Trading Commission
3 Lafayette Centre
1155 21st St. N.W.
Washington, D.C. 20581

Dear Chairman Gensler:

I respectfully urge you to heed the findings of Ted Butler and and Adrian Douglas with regard to limiting excessive speculation on both the short and long sides of the commodities market.

As Ted says “I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.”

As Adrian says “Any limits you put on trading must be applied equally to short sellers. But the CFTC's investigation needs to dig into how markets are being manipulated at the behest the U.S. government to maintain dollar hegemony so that imports can be purchased for free and so the United States doesn't have to compete in the global marketplace to manufacture anything anymore except a torrent of greenbacks.”

Links to the full text of their comments follow

http://www.gata.org/node/7683

http://news.silverseek.com/TedButler/1250014324.php

Respectfully submitted

Brent Anderson
[redacted]

From: Mike Jones
To: energyhearingcomments;
Subject: Energy price cap
Date: Wednesday, August 12, 2009 10:34:27 AM

Don't you Fools get it, if you control the price of something people will just turn to another median to trade it. This will only backfire. Weren't most of you clowns around during the Nixon price controls? The only thing you will ensure is that Americans will be last in line to get oil.

Sincerely,

a

American

From:	Mark Bronson
To:	energyhearingcomments;
Subject:	short side position limits!
Date:	Wednesday, August 12, 2009 10:32:05 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Mark Bronson, [redacted]

From: Harvey Lewis
To: energyhearingcomments;
Subject: Silver shorts
Date: Wednesday, August 12, 2009 10:31:17 AM

The SEC refused to see the Madoff problem no matter how many times it was pointed out to them. Is the CFTC going to refuse to see the problem of a few big banks manipulating the silver commodity market with infinite shorts ?

Harvey

From: HMonkowsk[redacted]
To: energyhearingcomments;
Subject: Shorting the Silver Market
Date: Wednesday, August 12, 2009 10:29:25 AM

Dear Chairman Gensler, For many years I have invested in the silver market because I felt that there was some potential for me to gain some funds for my retirement years. This has not come to past.

What I find very disappointing is that some special interests who have access to short the market do it in excess and make significant profits while hurting the small investor; and this is acceptable by the authorities and has been for many years.

If we are to have a free market, and shorting is part of that process, no one, or any institution who enters that market should have an unfair advantage to profit. To allow 3-4 large institutions to short the market to the extent that has been their practice for their gain; an ability that the small investor does not have, I find unethical. Although not illegal, the authorities should not have allowed this condition to exist. I find it very discouraging that nothing is being done to level the playing field.

I urge that you change this situation by reducing the speculative position limit in the number of contracts in COMEX silver and limit any exemption to only actual producers and consumers of the metal.

Sincerely, H. Monkowski, [redacted]

From: William Safley
To: energyhearingcomments;
Subject: Position limits in futures
Date: Wednesday, August 12, 2009 10:29:24 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

William L. Safley
[redacted]

From: William Safley
To: energyhearingcomments;
Subject: GATA position
Date: Wednesday, August 12, 2009 10:29:24 AM

Dear sirs, please strongly consider the evidence provided by GATA regarding excessive speculative positions taken in the gold and silver market. I ask you to implement their recommendations. Thank you.

From: BFOShea[redacted]
To: energyhearingcomments;
Subject: Position Limits
Date: Wednesday, August 12, 2009 10:28:53 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.
Brian F. O'Shea
[redacted]

From: Karl Golovin
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 10:25:00 AM

Energy Hearing Comments:

Chairman Gensler,

As a retired U.S. Customs criminal investigator ("internal affairs" the last six years of my federal career), also privileged to have been security director of the 2008 Ron Paul Presidential Campaign, I am astonished by the extent of evidence tending to prove manipulation of the gold and silver futures markets in the absence of position limit enforcement by the CFTC.

I strongly endorse the recommendations of Ted Butler and Adrian Douglas regarding position limits in the futures markets, as may be found at these links:

http://news.silverseek.com/TedButler/1250014324.php

http://www.gata.org/node/7683

Regards,

Karl N. Golovin
[redacted]

From:	PardnerInCrime[redacted]
To:	energyhearingcomments;
Subject:	Fwd: Energy Hearing Comments
Date:	Wednesday, August 12, 2009 10:22:35 AM

From: Pardner In Crime
To: energyhearingcomments@cftc.gov
BCC: [redacted]
Sent: 8/11/09 11:25:54 P.M. Eastern Daylight Time
Subj: Fwd: Energy Hearing Comments

I wanted to give you my full name, address, phone number so that you now i am a bona fide, voting, American.

Donna Lemig-Badach
[redacted]

From: Pardner In Crime
To: energyhearingcomments@cftc.gov
BCC: [redacted]
Sent: 8/11/09 11:21:25 P.M. Eastern Daylight Time
Subj: Energy Hearing Comments

August 10, 2009

Chairman Gensler,

I can only parrot EXACTLY what Mr. Ted Butler asks of you and by quoting him below, i DO ask the same as what he had written:

"Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.

I have excerpted the following passages from your opening statement of August 5th. You said:

“I believe that position limits should be consistently applied across markets for physical commodities of finite supply.”

“…, I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated.”

“The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity.”

According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal."

I concur with exactly what Mr. Butler has submitted, and i too submit the same ideology to the Commission as he does. I respectfully request that you all consider this request with fresh, open, and honest eyes. The RIGHT thing must be done to correct the inequities at hand in this matter. In the meantime, and as always, May God continue to bless you all as you endeavor to do the right thing regarding these matters.

Respectfully submitted,

Donna Badach

[redacted]

From: PardnerInCrime[redacted]
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 10:22:22 AM

Dear Commissioners and Chairman Gensler,

In addition to the other two comments i sent you all wherein i concurred with both Ted Butler's and Adrian Douglas' ideology, comments, solutions, suggestions and answers to your problems regarding the inequities in the commodities markets (especially the silver and gold precious metals), i submit Gene Arensberg's letter to you as quoted below, and concur with him as well and ask that you please consider and reconsider each and every comment made to you by all. Here is Mr. Arensberg's letter:

"

Office of the Secretariat
Commodity Futures Trading Commission
1155 21st St., NW
Washington, DC 20581

Re: Energy Hearing Comments

Dear Chairman Gensler and Commissioners,

My name is Gene Arensberg. I am a private investor and editor of Got Gold Report.

Setting arbitrarily low position limits and removing exemptions on aggregators of common-minded investors, i.e., index funds or exchange traded funds, is a short-sighted fool's errand. All it will do is force such funds to break up into sub-funds across multiple entities which will end up raising the cost for individuals and investors to hedge their exposure to commodity and energy prices.

Focus and position limits should be on individual actors, not aggregators.

Numerous times in the three days of hearings we heard the phrase "excessive speculation." As if excessive speculation is to blame for high energy prices in 2008, which of course it was not, as shown repeatedly in testimony by John Hyland of USCF, Dr. Jarecki of Gresham Investment Management and others.

Not once during the hearings did we ever hear the words "excessive hedging," or "excessive short selling." As if excess or abuse in the futures markets is only possible from the long side. It certainly is 'possible' from either side of the contracts, both in theory and in historical practice.

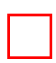
We did, however, hear repeated references to preserving bona fide hedger's exemptions from position limits. As if traders the CFTC classes as hedgers are now and always will be above or beyond abusive trading. As if the motives, means and methods of "hedgers" such as Goldman Sachs, UBS, HSBC or J P Morgan Chase, et al, are now and always will be inviolate. Are they? Will they be?

Commissioner Chilton said that the Commission has the responsibility not only to protect against actual manipulation, but also potential manipulation. With regard to that idea, consider the following facts about the very small silver futures market (small by comparison to the oil market).

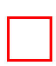
Silver is also a commodity of finite supply and thus within the scope of the hearings. Both Commissioner Chilton and Chairman Gensler mentioned the metals complex as markets which the Commission intends to intervene.

Each month the CFTC publishes its **Bank Participation in the Futures and Options Markets Report** which shows the positioning of reporting banks in the U.S. futures markets for commodities including gold and silver.

As of August 4, 2009, exactly two U.S. banks reported holding 15 contracts long silver and 29,813 contracts short silver for a total **net short** position of **29,798** COMEX 5,000-ounce contracts -- with the total open interest of 99,477 contracts open and silver closing on the cash market at $14.62. See the graph below.



According to the CFTC Commitments of Traders Report, all commercial traders as a group, ALL OF THEM, held a net short silver futures position of **39,041** contracts as of the same day, so the U.S. banks' percentage of the total commercial net short positioning stood at **76.3%** as shown in the graph below.



Thus, two large U.S. banks represented **76.3%** of all commercial net short positions. Just two "bona fide hedgers" literally dominate the short side of the COMEX silver market.

What is very apparent from the above data is that if, repeat IF, the two U.S. banks wanted to, they certainly could manipulate and/or abuse the very small silver market with the weight of their own trading. By merely continuing to absorb additional buying pressure by means of taking ever larger net short positioning, the market 'could' be manipulated and price discovery thwarted.

This is not to allege that the banks are manipulating the markets, but as Commissioner Chilton observed, the Commission bears a responsibility not only to prevent actual manipulation, but also 'possible manipulation.' Since the two banks are apparently able to put on any size position as hedgers, why should we not believe that they have the potential for abusive trading or excessive short selling?

In summary, a focus purely on one side, the long side, of the market in regard to position limits is anti-competitive, unfair and smacks of attempted price control. Some of us view it as the first step toward the government being able to determine who may participate in the "free" markets. Such a leap of government control is unacceptable.

If the Commission is bound and determined to take over the role of setting position limits and even accountability limits in the energy markets (and other markets of finite supply), and if the Commission intends to set rigid position limits for all traders on the speculative or long side, then those very same position limits should also apply equally, fairly, without exception or exemption, to the actors on the hedging or short side. *Sine qua non*. *"Without which, not."*

The Commission should not, repeat not, remove the exemptions from position limits for qualified funds already granted, such as the funds managed by USCF, which pool thousands of like-minded individual investors wishing to protect themselves from the horrible destruction in the value and purchasing power of the U.S. dollar. The dollar damage caused by decades of fiscal mismanagement by the United States Congress and easy money policies of the U.S. Federal Reserve.

If the CFTC actually does want to insure fair and free markets, then it will not install unreasonably small limits on one side of the market and not the other. We expect that if the Commission does set limits which unduly restrict liquidity, it will result in market flight to less regulated, more opaque markets and considerably less transparency, permanently.

Respectfully,

Gene Arensberg
Got Gold Report "

Mr. Arensberg has articulately and graphically outlined the case for consideration to the CFTC. It would be prudent, wise and RIGHT to consider his comments, along with Mr. Butler's and Mr. Douglas', when coming to the RIGHT CONCLUSION on to how to handle these problems in the commodities (especially silver and gold precious metal markets) markets, and stop the obvious and damaging manipulation that has made our markets a lie. I say this in all fervency and trust to you, and believe in my heart of hearts that you WILL do the right thing. Mr. Butler has all the trust in the world in Mr. Gensler to follow through PROPERLY and RIGHTEOUSLY in these matters as Mr. Gensler has indicated in the recent past. I, too, have the same trust and faith in Mr. Gensler and the Commission to follow through RIGHTEOUSLY and PROPERLY so as to stop all the manipulations in commodities, especially the silver and gold precious metals. I pray, wholeheartedly, that Mr. Butler IS right.

As always, may God continue to bless you all to be inspired to do the RIGHT THING.

Respectfully submitted,
Donna Badach
[redacted]

From: Phillip Colson
To: energyhearingcomments;
Subject: Position limits
Date: Wednesday, August 12, 2009 10:21:18 AM

I urge you to look into what Ted Butler and Adrian Douglas have to say about the positions some of these banks are taking in gold and silver and how they are suppressing these markets. Please look at and do something about this. Markets work best with a high degree of integrity. Thank you.

Phil Colson
[redacted]

From: PaBillyBee[redacted]
To: energyhearingcomments;
Subject: Positionn limits
Date: Wednesday, August 12, 2009 10:19:49 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

William R. Halligan

[redacted]

From: Johan Goffin
To: energyhearingcomments;
Subject: position limits
Date: Wednesday, August 12, 2009 10:19:17 AM

Dear CFTC Commissioners,

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration,

Johan Goffin

[redacted]

[redacted]

[redacted]

From: Reile, Chris
To: energyhearingcomments;
cc: [redacted]
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 10:19:16 AM

Chairman Gensler,

Thank you for the opportunity to comment on position limits.

No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side.

I have been following the silver COMEX for over ten years now.

For the sake of brevity, I will not include any facts to back up the next statement because I am pretty sure you are aware of them already from experts such as Ted Butler and Adrian Douglas.

The silver market defies the law of supply and demand, indicating it is being artificially manipulated. This is so painfully obvious it hurts.

I have included links to statements by these gentlemen for your convenience. I wholeheartedly urge you to read what these experts have to say.

http://news.silverseek.com/TedButler/1250014324.php

http://www.gata.org/node/7683

Sincerely,

Chris Reile

[redacted]

From: ronald serraglio[redacted]
To: energyhearingcomments;
Subject: position limits hearings
Date: Wednesday, August 12, 2009 10:18:30 AM

Ted Butler: http://news.silverseek.com/TedButler/1250014324.php

Adian Douglas: http://www.gata.org/node/7683

Please read the above comments if you have not already. I agree with the positions that both of these gentlement take on position limts / accountability limits.

Please put a stop to the nonsense of the rampant price manipulations performed by a few gigantic speculators of the short side (who get away with this manipulation under the guise of ***legitimate*** hedging). The hedging these banks (JPM and HSBC) are doing is ANYTHING but legitimate. They hold a monopoly on gold and silver prices. They are destroying the underpinning of our successfully capatilistic society, at the expense of all the little guys out here who are just trying to make an HONEST living.

Stop the madness!!!

Thanks,

Ron Serraglio

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

From: James Wetmore
To: energyhearingcomments;
cc: James Wetmore;
Subject: short side position limits
Date: Wednesday, August 12, 2009 10:15:04 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

James Wetmore
[redacted]

From: mel hase
To: energyhearingcomments;
Date: Wednesday, August 12, 2009 10:13:25 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Mel Hase

From: Bill Bertolino
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 10:11:38 AM

Hello - this e-mail is about regulating the commodities market to eliminate unnatural price swings in commodities by speculators who have no material interest in the commodities that they trade.

As an individual investor for many years, I've observed market forces at work, and up until the last ten or so years, things seemed to have worked pretty well.

I fully understand commodity producers and suppliers needs to be able to "control" or at least "lock in" a given price to be able to allocate investment resources (human and otherwise) for the coming year/years.

What I don't understand is the ability of hedge funds or other monied interests to participate in commodities exchanges like a gambling casino, where those with enough money can buy or sell enough of a given commodity to significantly affect the price of a given commodity.

It is also apparent that the majority of futures contracts never get delivered, which is troublesome to me, and indicates that perhaps MOST of the futures being traded are not being traded by firms that are even involved in that market.

This is a VERY simplistic thought, but please consider it: Imposing a penalty for NOT delivering or taking delivery of a given futures contract upon the settle date. Let's say my business is going great and I need to lock in the price of Silver or Gold to know my manufacturing costs. Let's also say, I miscalculate my needs for some reason, and do not need all the Gold or Silver I contracted to buy at the time of settlement.

This is MY mistake, and I would suggest that if I refuse delivery, I should pay a penalty of say, 2%, to NOT take delivery of the commodity. This would put the burden on those who miscalculate their actual needs. I would go one step further and impose this penaly every month for open long/short positions that are simply "rolled" over each month.

I must also mention I'm severely concerned about the concentration of Short Gold and Silver positions by US banks, that I follow by watching the COT monthly bank participation reports. What was especially disturbing was that these positions were open during a large portion of the last 12 months when these same banks were in deep trouble, and I expect might still be.

What banks are doing holding such massive short positions in Gold and Silver, is beyond unusual, out of the scope of their core business as banks, and I seriously doubt they could begin to deliver anything near the quantity of metal they have short if those positions needed to be liquidated.

I like what I'm hearing from your office about ridding the commodities exchanges of speculators, and look forward to the day when the commodity markets are once again priced by genuine supply and demand.

Thanks for your attention.

Bill Bertolino
[redacted]

From:	Anthony Wilcox
To:	energyhearingcomments;
Subject:	Energy Hearing Comments
Date:	Wednesday, August 12, 2009 10:07:27 AM

Chairman Gensler,

I am a private individual who invests in common stocks, bonds and commodities. I am concerned by recent volatility in all these markets. Like many others I have incurred losses.

I believe the root cause of this volatility is excess leveraging – i.e., the excessive use of other peoples' money.

I agree with your comments that markets do not become too concentrated. Excessive leveraging enables concentration of control and concentration of ownership.

I would encourage you to set reasonable limits on leveraging in all commodities exchanges. One-to-one leveraging has worked well for the NYSE. Why not apply same limits to COMEX and other exchanges? For foreign exchanges why not use our diplomatic relations to encourage foreign governments to do the same? Let us close the loopholes.

Thank you for considering my opinions.

Regards,

Anthony Wilcox

From: Larry Galearis
To: energyhearingcomments;
Subject: Ignoring the short side
Date: Wednesday, August 12, 2009 10:02:23 AM

Dear sir,

I am a Canadian and you would think that, at first thought you would therefore not have to consider this email at all...But know that when your president Reagan called the Soviet Union the "Evil Empire" he did so in error...Your manipulation blindness for futures trades at the COMEX in the overwhelming short position in gold and silver is just as evil if not more so than what the old Soviet Empire accomplished...And it is ironic that the present Russian government is the better champion of free markets than what has evolved in the U.S. From a Canadian's perspective I see the U.S. as a champion for corrupt markets to the extent that there are no free markets functioning in your previously admirable country.

Regards,

Larry Galearis

From: Mike OConnor
To: energyhearingcomments;
Date: Wednesday, August 12, 2009 9:58:26 AM

Dear Chairman Gensler,

As a private investor in commodities, I am pleased to see you addressing the excessive manipulation problem in various commodities. As an investor in the silver market, I have absorbed losses many times as a result of the manipulative actions of a few banks going excessively short driving the silver price down. I have written many letters to no avail - perhaps you will make a difference.

If you act to reduce the potential to manipulate commodity markets on the long side, please do so on the short side as well. I also urge you to take such action with an eye towards preventing the egregious abusers from doing any type of end run around the new restrictions - put teeth in the penalties for such conduct.

Sincerely,

Michael O'Connor
[redacted]

From: michael payne
To: energyhearingcomments;
Subject: Unregulated short positions
Date: Wednesday, August 12, 2009 9:58:00 AM

I would like to add my concern to that expressed by Mr. Ted Butler & Mr. Adrian Douglas and others in regards to the unregulated manipulation of the futures prices of gold and silver. I feel the CFTC has dragged it's feet long enough in it's failure to take appropriate action to stop said manipulation. To protect the interests of the few at the expense of the many is directly opposed to the principals and guidelines which the CFTC is established to protect.

Sincerely,

Michael E. Payne
[redacted]

From: Preston Fischer
To: energyhearingcomments;
Subject: Short Side Position Limits
Date: Wednesday, August 12, 2009 9:55:24 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Preston R. Fischer
[redacted]

From: w
To: energyhearingcomments;
Subject: CFTC hearings
Date: Wednesday, August 12, 2009 9:55:04 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to study and take into consideration the comments about position limits made by silver market analyst Ted Butler as shown below and linked here:

http://news.silverseek.com/TedButler/1250014324.php

In addition please read and take in to consideration the comments calling for equal treatment of position limits for longs AND shorts by commodity market analyst Adrian Douglas also shown below and linked here:

http://www.gata.org/node/7683

It is clear that short-side position limits are as necessary as long-side limits and we urge you to finally bring transparency and market integrity to these markets.

Sincerely

William Robinson

[redacted]

[redacted]

[redacted] August 11, 2009

Gary Gensler, Chairman
U.S. Commodity Futures Trading Commission
3 Lafayette Centre
1155 21st St. N.W.

Washington, D.C. 20581

Dear Chairman Gensler:

Your hearings on position limits in the commodity futures markets have presupposed that the issue is speculation on the long side. You will not correctly regulate markets if your inquiries and hearings are being conducted from the conclusion you want to make and then work backwards.

The fundamental problem is not with finite resources but with infinite production of dollars. You are turning a blind eye to the manipulation of markets on the short side (and the massive OTC derivatives markets) that is undertaken to mask the uncontrolled creation of fiat dollars backed by nothing.

The price suppression is rampant and is making finite commodities even more finite as it becomes uneconomic to produce them. The paper promises to supply commodities from stocks that do not exist suppresses prices.

The CFTC has been investigating price manipulation in silver and gold for almost a year. The manipulators here will be drawing a pension before you recognize manipulation. Meanwhile the U.S. Senate can apparently recognize long-side manipulation of wheat and even crude oil in a flash.

Why have your hearings focused on how oil rose to $147 per barrel and not equally how it fell to $35 per barrel and how the dollar made a magnificent rise in the middle of a credit crisis, a feat never before achieved?

Federal Reserve Chairman Ben Bernanke testified in response to U.S. Rep. Alan Grayson that the rise in the dollar was a total coincidence even though it occurred even as half a trillion dollars of currency swaps were executed with foreign central banks. Really? And was it an equal coincidence that as a result of the dollar's rising from the dead the entire commodity complex cratered, including the most time-honored safe-haven asset, gold?

Any limits you put on trading must be applied equally to short sellers. But the CFTC's investigation needs to dig into how markets are being manipulated at the behest the U.S. government to maintain dollar hegemony so that imports can be purchased for free and so the United States doesn't have to compete in the global marketplace to manufacture anything anymore except a torrent of greenbacks.

My guess is that you will aid and abet the continuation of this Ponzi scheme because that is so much easier than doing what is right and what you are paid to do as a servant of the American people.

Regards,

Adrian Douglas

August 10, 2009

Chairman Gensler,

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.

I have excerpted the following passages from your opening statement of August 5th. You said:

“I believe that position limits should be consistently applied across markets for physical commodities of finite supply.”

“…, I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated.”

“The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity.”

According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.

Theodore Butler

Butler Research LLC

From: chuck newsom
To: energyhearingcomments;
Subject: Short side limits
Date: Wednesday, August 12, 2009 9:53:24 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Charles L. Newsom
[redacted]
* * *

From: Remus, Peter
To: energyhearingcomments;
Date: Wednesday, August 12, 2009 9:52:34 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Peter Remus
[redacted]

From: Jeff Tryka
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 9:48:52 AM

To the Members of the Commodity Futures Trading Commission:

To start, I would like to thank you for your efforts on behalf of commodity investors, large and small. After reading some of the recent articles and comments made by Chairman Gensler, I am very encouraged that we are heading in the right direction to restore fairness and public confidence in the financial markets, and especially the commodities markets.

No doubt, you have probably already heard from many fellow investors, but I would like to share two points that I believe are critical to the reform process. The first relates to position limits. As I understand the law, the CFTC has the authority to set position limits, but over the course of time and a trend towards deregulation, that authority was transferred to the exchanges. While I am sure this seemed like a good idea at the time, it strikes me as a serious conflict of interest to allow exchanges, who derive profits from trading, to set the limits for positions (e.g. how much trading may be done). This seems much more appropriate a role for the regulator of the industry, that is the CFTC. After all, the NYSE doesn't set margin requirements, the Federal Reserve does, and they don't set limits on stock positions, those are goverened by the SEC. I have no doubt you will face some pretty stiff opposition from the exchanges in taking back the authority you have over position limits, but I encourage you to stand firm, as you are on the right side of this battle.

My second point relates to ensuring that the Commission looks at both slides of the position limit issue, the long and short side. While the major attention of the public and members of Congress surrounded the huge increase in the price of oil to $147, very little is said about the subsequent crash to $35. Both of these are important, for consumers, the prospect of $4-$5 gasoline has a harmful effect, but similarly to oil producers who have seen production costs rise, a sudden drop to a price level that is uneconomical for production can be just as devastating. In the same way, farmers can be hurt when grain prices are artificialled capped or suppressed on the short side, making it unprofitable for them to plant. These unofficial price controls have the same impact as government imposed price contols, farmers soon plant other crops and we end up with a shortage in the market, where no amount of short selling magic will be able to deliver grains or other commodities that no longer exist.

My third point relates to the position limits specific to the silver market, which strike me as wholly out of line compared with other commodities, both as a percentage of annual production as well as a percentage of available inventories. I won't bother you with the details, but it seems to me that the current limit of 6,000 contracts could be cut by 75% and still allow the market to function quite smoothly. Silver miners and consumers could still obtain exemptions from these limits as legitimate hedgers, and a break-up of the large concentrated short positions might actually encourage more commodity investors to begin participating in the market, thus improving overall liquidity.

Finally, in reviewing potential exemptions to position limits, I would urge care and due consideration, as any clear thinking individual would question why a bank or other financial firm, which neither produces nor consumes a commodity, would be considered a legitimate hedger, and be allowed to hold a position equal to a quarter of annual global production of said commodity, as in silver. If the bank is merely hedging for a customer, then let the customer apply for the exemption and let the bank act as an intermediary. The customer need not be publicly identified, but merely disclosed to the CFTC so that customer's positions can be adequately monitored to ensure compliance.

Thank you for your time and willingness to consider investor comments in this important issue. I wish you the best in your efforts, and hope that any actions you take would reach toward a goal of increasing transparency and fairness in our markets.

Sincerely,

Jeff Tryka, CFA
[redacted]

From: Michael Williams
To: energyhearingcomments;
Subject: long and short limits
Date: Wednesday, August 12, 2009 9:48:42 AM

Sir. It seems to me that limits should be placed on the short side as well as the long.

Manipulation and excessive speculation cannot be tolerated if we are to have order.

Commodities will then become more stable in price and this will be good for business

planning. The precious metals and oil are the ones to focus on in my humble opinion.

Sincerely,

michael williams

From: Rayburn Blair
To: energyhearingcomments;
cc: Lavik, A. Roy; Chilton, Bart; Jamie Dimon; Dunn, Michael; Gensler, Gary; Sommers, Jill; Dean Payton; Obie, Stephen J.; Lukken, Walter;
Subject: Silver Market Manipulation
Date: Wednesday, August 12, 2009 9:46:07 AM

To The People's CFTC Commissioners, It must surely be true by now that most or all of you have become familiar with Ted Butler's thirty year study of the silver market. I think it is without question that he is the leading expert on that subject. Please read his letter to the commission if you read no other. Thousands of silver investors are aware of the problem of silver market manipulation by two or three of the largest banks. Almost all of the enormous silver shorting is done by these two or three banks. Please cap their ability to control and manipulate this most important metal. The longer they are allowed to continue this illegal activity the more damage will be done to our economy when it explodes..... and it will explode....soon ! I think the truth of this matter has become obvious to you and I thank you for taking appropriate and immediate action to remedy this violation of security law. Rayburn Blair

From: Jim Dugan
To: energyhearingcomments;
Subject: Position limits.
Date: Wednesday, August 12, 2009 9:40:31 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

James Dugan
[redacted]

From:	Gumbotz@aol.com
To:	energyhearingcomments;
Subject:	Support Ted Butler Position Limits
Date:	Wednesday, August 12, 2009 9:39:47 AM

I am a commodity investor. I support Ted Butler and his efforts to regulate CFTC position limits.
Thank You
John Henitz - [redacted]

From: bedye[redacted]
To: energyhearingcomments;
Subject: COMEX Position Limits/Market Concentration
Date: Wednesday, August 12, 2009 9:39:18 AM

Dear Commissioners

As a "main street investor" I am asking that you protect the integrity of the COMEX markets by eliminating the obvious and gross concentration (short-side) that exists in COMEX Gold and Silver. If I can see it, then it must be glaringly obvious to professionals such as yourselves.

Also, please consider short-side position limits equal to the long-side limits. To have otherwise is to meddle in the markets through regulation, with un-intended consequences.

Brad Dye
[redacted]

From: Greg
To: energyhearingcomments;
Subject: Commodity Futures Markets Position Limits
Date: Wednesday, August 12, 2009 9:37:50 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Gregory Plate
[redacted]

From: Luis M. Cornejo
To: energyhearingcomments;
Subject: Necessary Short-Side Position Limits
Date: Wednesday, August 12, 2009 9:37:20 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Luis M. Cornejo
[redacted]

From: Gold Silver Support
To: Chilton, Bart; energyhearingcomments;
Subject: You all have the opportunity!
Date: Wednesday, August 12, 2009 9:35:41 AM

Hello CFTC,

Please do what's right and end the manipulations in commodities and precious metals trading. Stand up for the American people.

James Anderson
[redacted]

From: pw2010
To: energyhearingcomments;
Subject: support and enforce position limits
Date: Wednesday, August 12, 2009 9:24:00 AM

Dear CFTC:
I write to urge you to heed the comments sent to the commission by silver market analyst Ted Butler and GATA board member Adrian Douglas.

Butler's comments can be found here:

http://news.silverseek.com/TedButler/1250014324.php

Douglas' comments may be found here:

http://www.gata.org/node/7683

Best regards,
Phil

Phil Wolf
[redacted]

From: George Wright
To: energyhearingcomments;
Subject: Commodity future markets
Date: Wednesday, August 12, 2009 9:13:11 AM

Dear CFTC Commissioners:

As a Canadian investor, the apparent manipulation of the commodity future markets is on great concern.

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

George Wright
[redacted]

From: Stephanie Ellison
To: energyhearingcomments;
Subject: Position in commodity futures
Date: Wednesday, August 12, 2009 9:09:09 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

\- - -

Stephanie Ellison
[redacted]

[redacted]

From: Rick Bechthold
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 9:08:21 AM

Dear Chairman Gensler and members of the CFTC,

Re: Energy Hearing Comments

I urge the CFTC to reduce the position limits in the silver, gold and energy markets to prevent market manipulation by large traders.
Similar problems exist in these markets, however the problem is most pronounced in the silver market.

I request the CFTC reduce the position limit in the silver market and make the position limit for silver to be more in line with the limits on other commodities.

The position limit must apply equally to the long and short side of the market.
The only exception to the limit should apply to bona fide mining companies or consumers of the metal, which can provide proof to the CFTC that their silver hedging requirements are of
such a large size that they require a higher position limit.

The position limit for COMEX Silver should be reduced to approximately 1,000 to 1,500 contracts to be more in line with the limits on other commodities.

The current position limit for silver at 6,000 contracts or 30,000,000 ounces is way too high. This amount equates to nearly 5% of the annual world production of silver.
This excessively high position limit permits large traders to unfairly influence the price of the commodity.

For the same reason, the position limits for gold and the energy markets should also be reduced.

Thank you for the attention to this matter.

Sincerely,

Rick Bechthold
[redacted]

From: Richard F. Malinski
To: energyhearingcomments;
Subject: POSITION LIMITS
Date: Wednesday, August 12, 2009 9:07:22 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

RICHARD MALINSKI
[redacted]

From: stanley kon
To: energyhearingcomments;
Date: Wednesday, August 12, 2009 9:05:42 AM

Dear CFTC Commissioners:

How aboout leveling the playing firld for the common investor by seeking to do the wishes of those who are knowledgable about precious metals? This has gone on far too long and more and more of us out here know it!

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thank you

Stanley Kon

[redacted]

[redacted]

From: Jeff Power
To: energyhearingcomments;
Subject: This is Important!
Date: Wednesday, August 12, 2009 9:04:19 AM

Dear Fair minded people at the CFTC,

I strongly urge you to heed the comments already sent by Ted Butler and GATA board member Adrian Douglas.

Butler's comments can be found here:

http://news.silverseek.com/TedButler/1250014324.php

Douglas' comments may be found here:

http://www.gata.org/node/7683

Sincerely,

Jeff Power

[redacted]

[redacted]

From: Glen Pfeiffer
To: energyhearingcomments;
Subject: Short-side Position Limits
Date: Wednesday, August 12, 2009 9:03:32 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I strongly urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Those inclined to manipulate finite commodity markets will employ the use of both long and short positions in efforts to take unfair advantage. Clearly short-side position limits are equally important and as necessary as long-side limits. I thank you for your consideration.

Glen Pfeiffer
[redacted]

From: Kim Cochrane
To: energyhearingcomments;
Subject: short-side position limits
Date: Wednesday, August 12, 2009 9:02:49 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Kim Cochrane
[redacted]

From:	David Jerome
To:	energyhearingcomments;
Subject:	Short-side position limits
Date:	Wednesday, August 12, 2009 8:59:54 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

David Jerome
[redacted]

From:	yap1993[redacted]
To:	energyhearingcomments;
Subject:	silver COMEX short positions
Date:	Wednesday, August 12, 2009 8:58:12 AM

dear sirs,
the current short silver position on the COMEX by the commericals is, in fact, a crime.
it is well know this ridiculous 69,000 contract position is almost all held by j.p. morgan.
we need rules and regulations here. to be short 350 million ounces of silver makes no sense at all- except to manipulate the price down.
thank you,
roger mason
[redacted]

From: Guildcap[redacted]
To: energyhearingcomments;
Subject: In support of Position Limits (both long and short) on precious metals -
Date: Wednesday, August 12, 2009 8:58:08 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

Thank you,

Jeffrey Homburger

[redacted]

From: Paul Ferguson
To: energyhearingcomments;
Subject: Position limits in the commodity futures markets.
Date: Wednesday, August 12, 2009 8:55:20 AM

Dear CFTC Commissioners:

I am encouraged that the CFTC is taking action in regard to position limits in the commodity futures markets. Towards that end, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Many thanks for your consideration.

Paul Ferguson
[redacted]

From: araho
To: energyhearingcomments;
Subject: Short side Position Limits
Date: Wednesday, August 12, 2009 8:49:46 AM

Dear CFTC Commissioners:
In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:
http://news.silverseek.com/TedButler/1250014324.php
And by commodity market analyst Adrian Douglas here:
http://www.gata.org/node/7683
Short-side position limits are as necessary as long-side limits.
Thanks for your consideration.
NAME: Robert OHara
[redacted]

From: Derick Jones
To: energyhearingcomments;
Subject: Short-side position limits
Date: Wednesday, August 12, 2009 8:49:01 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.
Derick Jones

From: richrose10[redacted]
To: energyhearingcomments;
Subject: Position Limits
Date: Wednesday, August 12, 2009 8:47:56 AM

SAMPLE LETTER TO CFTC

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits for individual investors as well as institutional, including the large banks .

Thanks for your consideration.

Richard Rose

[redacted]

[redacted]

From: Debra Greene, PhD
To: energyhearingcomments;
Date: Wednesday, August 12, 2009 8:45:55 AM

Dear CFTC Commissioners:

Please consider short-side position limits with regard to commodity futures markets. This is essential to fair trade. It is unconscionable to let the current scheme continue.

Yours Sincerely,

Debra

Debra Greene, Ph.D.
[redacted]

From: nathan mckinley
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 8:44:53 AM

My Name is Nathan McKinley. I am writing this email to the CFTC, so all of you can know that I echo the opinions and teachings of Ted Butler. He has shined a light on the manipulation of the commodities market.

I praise all of you for the work you are doing and the positive strides you are making to make our markets fair

Thank you for your time.

August 10, 2009

Chairman Gensler,

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.

I have excerpted the following passages from your opening statement of August 5th. You said:

"I believe that position limits should be consistently applied across markets for physical commodities of finite supply."

"..., I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated."

"The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity."

According to data contained in the most recent Commitment of Traders and

Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.

Theodore Butler

Butler Research LLC

[redacted]

From: James McShirley
To: energyhearingcomments;
Subject: Position limits
Date: Wednesday, August 12, 2009 8:44:26 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.
James C. McShirley
[redacted]

From: James Hanson
To: energyhearingcomments;
Subject: Commodity Position Limits
Date: Wednesday, August 12, 2009 8:43:19 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here: http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here: http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.
James Hanson
[redacted]

From: Cook, T Robert
To: energyhearingcomments;
Subject: in support of short side position limits
Date: Wednesday, August 12, 2009 8:34:26 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

T. Robert Cook
[redacted]

[redacted]

From: William Cochran
To: energyhearingcomments;
Subject: Silver Futures Market
Date: Wednesday, August 12, 2009 8:31:19 AM

August 10, 2009

Chairman Gensler,

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.

I have excerpted the following passages from your opening statement of August 5th. You said:

"I believe that position limits should be consistently applied across markets for physical commodities of finite supply."

"..., I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated."

"The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity."

According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.

Theodore Butler

Butler Research LLC

--
Regards,
Bill Cochran

From: Tom Egert
To: energyhearingcomments;
Subject: silver market
Date: Wednesday, August 12, 2009 8:28:41 AM

Chairman Gensler: Please level the field in trading for all commodities. As Mr. Butler has written; "According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for PHYSICAL COMMIDITIES. I urge the commission to heed the comments sent to the commission by Butler and GATA board member Adrian Douglas. Thank your for your consideration. Tom Egert

From: MGarippo[redacted]
To: energyhearingcomments;
Subject: Position limits in the commodity futures markets
Date: Wednesday, August 12, 2009 8:24:34 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Michael Garippo
[redacted]

From: Adam Frank Szczotka
To: energyhearingcomments;
Subject: Position Limits
Date: Wednesday, August 12, 2009 8:20:35 AM

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i am not much for writing, but I feel strongly that position limits on all commodities, especially metals, should be impossed.

It is apparent to me that behemots like Goldman Saks can and do manipulate those markets, while small fry like me have no influence at all.

A very good example of this is the silver market during the Hunt Brothers period. If you did not change the contract" settlement rules, they would own the market.

Sincerely,

Adam F. Szczotka.

From: George Spiciarich
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 8:15:54 AM

I totally agree witrh Mr. Butler's conclusions (below) about the concentrated speculative short positions in Comex Silver Futures. I strongly urge you to implement his recommendations.

Sincerely,
George N. Spiciarich
[redacted]

Chairman Gensler,

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.
I have excerpted the following passages from your opening statement of August 5th. You said:
"I believe that position limits should be consistently applied across markets for physical commodities of finite supply."
"..., I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated."
"The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity."
According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two

US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.
The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.
I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.
I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.

[redacted]

From: StGennaroBVI[redacted]
To: energyhearingcomments;
Subject: (no subject)
Date: Wednesday, August 12, 2009 8:06:31 AM

Gentleman, please regard the writings of Butler and Douglas, as to the market manipulation of silver, and the ongoing manipulation of gold. This is illegal, and has been going on for years under your noses! There are more futures owned by Goldman Sach in silver than actual physical product on the this planet! If you don't bring this Scam to light, and take the proper actions, eventually it will come back to haunt you! It is your jobs on the line! HOW ABOUT EARNING YOUR KEEP? A concerned citizen, Paul Shofner, [redacted] [redacted]

From: jay tolbert
To: energyhearingcomments;
Subject: energy hearing comments
Date: Wednesday, August 12, 2009 8:04:06 AM

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short side limints should be applied the same as long side limints jay tolbert, [redacted]

From: dkutscher[redacted]
To: energyhearingcomments;
Subject: gold and silver
Date: Wednesday, August 12, 2009 7:57:51 AM

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please listen to mr. butler and mr. douglas...............my cftc friends i lived in washington d. c. now live in greece............i have been monitoring the GOLD AND SILVER market for the last 8 YEARS...........3 to 4 HOURS per day..........please dont insult me to tell me the gold and silver market is NOT manipulated...........on the inside the cftc and COMEX know exactly what is going on.................
[redacted]

From: Martin Jones
To: energyhearingcomments;
Subject: Enforce position limits in the gold and silver markets
Date: Wednesday, August 12, 2009 7:56:15 AM

Dear CFTC Commissioners,

In regards to the position limits in the commodity futures markets,
Please enforce the position limits in the gold and silver markets.
If you cannot accomplish your mandate it is important you resign your position. You are entrusted with the business of protecting the public. Do your job!

Respectfully,

Martin M. Jones
Citizen

From: Howard Wetsman MD
To: energyhearingcomments;
Subject: setting position limits
Date: Wednesday, August 12, 2009 7:51:36 AM

Commissioners:

I really have very little interest in the hearings as I'm pretty sure it's all window dressing. For instance, you've said that it's about commodities of finite supply yet this email is for "energyhearingcomments," not "finitesupplycommoditycomments."
In listening to the comments at the hearings, it seems you are really only interested in long side manipulation, which gives the appearance of this being a politically motivated attempt on the part of the government to appease citizens upset at high energy prices. If your hearings are seen as a government attempt to control the ability of large traders from "hurting" private citizens with high energy prices, perhaps it will quiet protests by those citizens.

Yet I ask myself, even if the high energy prices were due to excessive speculation by people with too much money to throw around (rather than by the finite supply and increasing demand for oil as it seems to me), then what would be the ultimate source of the ability to speculate this way. The answer I have arrived at after years of study is that it is the inflationary policy of the Federal Reserve, which itself would not have been possible for so long without the short side manipulation of the gold and silver market which you have allowed. If you did not allow the concentrated unlimited selling of metal that cannot be delivered, the rise in price of gold would have checked the inflationary policies long ago and the people who are threatening the low price of oil by speculation would have had much less ammunition with which to do so.

The idea that a "seller," who doesn't have the thing that he can "sell" anyway in increasing and unlimited quantities, is not manipulating the market is absurd on its face. All I need to manipulate to the long side is the actual money and the will to take delivery of more than is available. But if I want to manipulate to the short side, I can do so regardless of how much supply there is as long as I can print more money and achieve a concentration in the market. Many have already shown you how concentrated the short side of the metals markets are. I will not repeat the evidence. I don't have a long standing wish to own these metals; I am not a "gold bug;" I only want to be able to invest my retirement savings in things that actually trade in a free market so that I can make logical decisions about where to put the money.

I ask that in your deliberations that you remember that you work for the people, not the government, of the United States, and that we people are best served by money that doesn't change in its purchasing power. That purchasing power can best be maintained in honest markets, which, I must say, doesn't seem to include the metals futures markets under your jurisdiction.

Howard Wetsman MD FASAM
[redacted]

[redacted]

[redacted]

[redacted]

From: Jeff L. Glenn
To: energyhearingcomments;
Subject: Position Limits
Date: Wednesday, August 12, 2009 7:44:29 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Jeff Glenn
[redacted]

From: Derek Richardson
To: energyhearingcomments;
Subject: Excessive Speculation and Manipulation
Date: Wednesday, August 12, 2009 7:27:27 AM

Gary Gensler, Chairman
U.S. Commodity Futures Trading Commission
3 Lafayette Centre
1155 21st St. N.W.
Washington, D.C. 20581

Dear Chairman Gensler:

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.

I have excerpted the following passages from your opening statement of August 5th. You said:

"I believe that position limits should be consistently applied across markets for physical commodities of finite supply."

"..., I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated."

"The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity."

According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.
Regards,
Derek Richardson

From: JHbonz[redacted]
To: energyhearingcomments;
Subject: Gold and Silver
Date: Wednesday, August 12, 2009 7:25:18 AM

Dear Commissioners-
I urge you to heed the words of Ted Butler on the issue of short limitations shown here-http://news.silverseek.com/TedButler/1250014324.php

Thank you
Joe Harrison

From: Ed Woods
To: energyhearingcomments;
Subject: Position Limits
Date: Wednesday, August 12, 2009 7:24:21 AM

Dear CFTC Commissioners:
In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:
http://news.silverseek.com/TedButler/1250014324.php
And by commodity market analyst Adrian Douglas here:
http://www.gata.org/node/7683
Short-side position limits are as necessary as long-side limits.
Thanks for your consideration.

Ed Woods
[redacted]

[redacted]

From:	Pat Sayeau
To:	energyhearingcomments;
Subject:	SHORT SIDE SPECULATION LIMITS
Date:	Wednesday, August 12, 2009 6:58:49 AM

Gary Gensler, Chairman
U.S. Commodity Futures Trading Commission
3 Lafayette Centre
1155 21st St. N.W.
Washington, D.C. 20581

Dear Chairman Gensler:

Although I am not an American Citizen I do trade actively in both the GOLD and SILVER markets , both bullion and commodity producer shares.

As such I am heavily impacted by the price of these commodities as presently manipulated by short side contracts traded on the COMEX EXCHANGE which is supposed to be regulated and controlled by the CFTC, although regulatory enforcement appears sadly lacking.

Traders world wide are affected by the pricing on this exchange and therefore I respectively request that my comments be equally weighted with any other trader regardless of citizenship.

Having traded-in and followed these markets closely for the past ten years I heartily endorse the position on SHORT SIDE POSITION LIMITS as submitted by THEODORE BUTLER and ADRIAN DOUGLAS.

Butler's comments can be found here:

http://news.silverseek.com/TedButler/1250014324.php

Douglas' comments may be found here:

http://www.gata.org/node/7683

Most particularly I draw your attention to the following paragraph from TED BUTLER'S submission.

"According to data contained in the most recent Commitment of Traders and

Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities."

In my opinion it is ludicrous to suggest that a net short position of the four largest traders which exceeds 66% of the total net open interest does not constitute blatant manipulation of the market price....the precise practice which the CFTC is empowered to prevent. World -wide traders seek protection from such manipulation.

Patrick Sayeau
[redacted]

[redacted]

From: Safari42S[redacted]
To: energyhearingcomments;
Subject: Short-side position limits
Date: Wednesday, August 12, 2009 6:54:03 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Michael E. Stewart

From: Daniel Stafford
To: energyhearingcomments;
Subject: short side position limits
Date: Wednesday, August 12, 2009 6:42:47 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Daniel Stafford
[redacted]

From: JAMES DAVENPORT
To: energyhearingcomments;
Subject: Position limits
Date: Wednesday, August 12, 2009 6:41:43 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets,

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

James R. Davenport
[redacted]

From:	Dean Leith
To:	energyhearingcomments;
Subject:	In support of short-side position limits
Date:	Wednesday, August 12, 2009 6:36:19 AM

Dear CFTC Commissioners:

In regard to short-side position limits in the commodity futures markets,I urge you to heed the comments made by silver market analyst Ted Butler here:

August 10, 2009

Chairman Gensler,

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.

I have excerpted the following passages from your opening statement of August 5th. You said:

"I believe that position limits should be consistently applied across markets for physical commodities of finite supply."

"..., I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated."

"The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity."

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The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.

Theodore Butler

Butler Research LLC

And by commodity market analyst Adrian Douglas here:

Tuesday, August 11, 2009

Gary Gensler, Chairman
U.S. Commodity Futures Trading Commission
3 Lafayette Centre
1155 21st St. N.W.
Washington, D.C. 20581

Dear Chairman Gensler:

Your hearings on position limits in the commodity futures markets have presupposed that the issue is speculation on the long side. You will not correctly regulate markets if your inquiries and hearings are being conducted from the conclusion you want to make and then work backwards.

The fundamental problem is not with finite resources but with infinite production of dollars. You are turning a blind eye to the manipulation of markets on the short side (and the massive OTC derivatives markets) that is undertaken to mask the uncontrolled creation of fiat dollars backed by nothing.

The price suppression is rampant and is making finite commodities even more finite as it becomes uneconomic to produce them. The paper promises to supply commodities from stocks that do not exist suppresses prices.

The CFTC has been investigating price manipulation in silver and gold for almost a year. The manipulators here will be drawing a pension before you recognize manipulation. Meanwhile the U.S. Senate can apparently recognize long-side manipulation of wheat and even crude oil in a flash.

Why have your hearings focused on how oil rose to $147 per barrel and not equally how it fell to $35 per barrel and how the dollar made a magnificent rise in the middle of a credit crisis, a feat never before achieved?

Federal Reserve Chairman Ben Bernanke testified in response to U.S. Rep. Alan Grayson that the rise in the dollar was a total coincidence even though it occurred even as half a trillion dollars of currency swaps were executed with foreign central banks. Really? And was it an equal coincidence that as a result of the dollar's rising from the dead the entire commodity complex cratered, including the most time-honored safe-haven asset, gold?

Any limits you put on trading must be applied equally to short sellers. But the CFTC's investigation needs to dig into how markets are being manipulated at the behest the U.S. government to maintain dollar hegemony so that imports can be purchased for free and so the United States doesn't have to compete in the global marketplace to manufacture anything anymore except a torrent of greenbacks.

My guess is that you will aid and abet the continuation of this Ponzi scheme because that is so much easier than doing what is right and what you are paid to do as a servant of the American people.

Regards,

Adrian Douglas

Short- side position limits are as necessary as long- side position limits.

Thank you for your consideration.

DEAN H. LEITH, JR.
[redacted]

From: Sid Reynolds
To: energyhearingcomments;
Subject: Urgent reading
Date: Wednesday, August 12, 2009 6:26:48 AM

Dear CFTC Commissioners,

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:
http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:
http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.
Thanks for your consideration.

Sid Reynolds
[redacted]

From: excellence
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 6:25:12 AM

August 10, 2009

Chairman Gensler,

Thanks for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.

I saw a copy and agee mostly with Ted Butlers comments on the enclosed 8-10 letter he sent you. ...please fix the problem, and quit cheating the public, and supporting special interests.

"I have excerpted the following passages from your opening statement of August 5th. You said:

“I believe that position limits should be consistently applied across markets for physical commodities of finite supply.”

“…, I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated.”

“The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity.”

According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

REMEMBER: Commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side

I also strongly urge you to

1. restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

2. establish a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.

3. Allow free markets to do their thing

Thanks you, All Rights reserved by the sender

J Schlosser
[redacted]

From: Steve Phillips
To: energyhearingcomments;
Subject: Commodity position limits
Date: Wednesday, August 12, 2009 6:17:58 AM

Dear CFTC Commissioners:
In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.
Thanks for your consideration.

Regards,

Steve Phillips
[redacted]

[redacted]

From: Roy Rogers
To: energyhearingcomments;
Date: Wednesday, August 12, 2009 6:16:46 AM

Chairman Gensler: I think for everyone involved in the gold and silver markets to have a level and fair trading field all gold and silver tradex should be done with the metals themselves. Most PAPER GOLD and Silver transactions have no backings at all, just a piece of paper. Let's start to run this country like it was supposed to be done by our forefathers.
Sincerely Andrew J Hughes [redacted]

From: harvey
To: energyhearingcomments;
Subject: Stop the Corruption
Date: Wednesday, August 12, 2009 6:13:16 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:
http://news.silverseek.com/TedButler/1250014324.php
And by commodity market analyst Adrian Douglas here:
http://www.gata.org/node/7683
Short-side position limits are as necessary as long-side limits.

Although not an American I would like to protest as there are other people on this planet and we can see quite clearly the escalation of corruption that exists in your markets.

Your job is to regulate those markets in a fair and proper manner, this is not happening, crime is happening.
This will lead to no good.

Thanks for your consideration.
Harvey Sparrow
[redacted]

From: John Smith
To: energyhearingcomments;
Subject: Ted Butler
Date: Wednesday, August 12, 2009 5:55:29 AM

Dear CFTC

Please listen to Ted Butler and GATA. Lets not allow the financial suffering to last any longer. I am a young 26 year old and I realize what is really going on. Me and my friends like Ted Butler and GATA and support their efforts.

Thanks

[redacted]

From: Adrienne Trantham
To: energyhearingcomments;
Subject: Silver Short Limits
Date: Wednesday, August 12, 2009 5:51:56 AM

Dear CFTC Commissioners:

Regarding position limits in the commodity futures markets, please listen to the comments made by silver market analyst Ted Butler here:
http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:
http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.
Thanks for your consideration.

Adrienne Trantham
[redacted]

From:	Max Wehrle
To:	energyhearingcomments;
Subject:	Dear CFTC Commissioners:
Date:	Wednesday, August 12, 2009 5:23:23 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Max Wehrle
[redacted]

[redacted]

[redacted]

From: Mark Pfaff
To: energyhearingcomments;
Subject: My Son
Date: Wednesday, August 12, 2009 5:10:41 AM

Dear Sirs,

I thought that I would let you know how the manipulated markets have a devastating effect all over the World. www.macmin.com.au was catering for much of Australias Silver needs, but has now been forced into receivership with the loss of many jobs including my Sons, who is a geologist,which has had a terrible effect on him and his family.

The manipulation and naked short selling are forcing many Mines to close, causing massive unemployment worldwide and I would be grateful if you could use your powers to bring this to an end.

Many Thanks Mark Pfaff

From: Ed Steer
To: energyhearingcomments;
Subject: "Energy Hearing Comments."
Date: Wednesday, August 12, 2009 5:10:17 AM
Attachments: AVG certification

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets in general...and silver and gold in particular, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://www.investmentrarities.com/ted_butler_comentary08-11-09.shtml

Short-side position limits are as necessary as long-side limits. And these limits must be enforced.

The short-side manipulation of the silver market must be ended ASAP.

Thanks for your consideration.

Ed Steer

[redacted]

From: Ken Kniel
To: energyhearingcomments;
Subject: Limts on Trading
Date: Wednesday, August 12, 2009 4:54:18 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

And I look forward to some true enforcement of existing rules and evaluation of the existing manipulative policies.

Kenneth Kniel
[redacted]

From: Dave LaFee
To: energyhearingcomments;
Subject: Ted Butler and Adrian Day comments.
Date: Wednesday, August 12, 2009 4:52:16 AM

Sirs,
Please read and carefully consider the comments of the gentlemen listed above in regard to the enforcement of position limits in the futures markets.

Sincerely,
David LaFee
[redacted]

From:	TR4AH[redacted]
To:	energyhearingcomments;
cc:	TR4AH@aol.com;
Subject:	“Energy Hearing Comments”
Date:	Wednesday, August 12, 2009 3:50:04 AM

Dear Chairman Gensler:

Here are my Energy Hearing Comments.

As an educator, now retired and 66 yrs. old, I find it hard to pay my bills without substituting on the side to make ends meet.....esp. since 2008 !

I have a little of my savings invested in physical silver and gold. It is so obvious to even me the markets are being strongly, regularly manipulated; not only by the long sellers but, by the short sellers as well. They are profiting heavily on both sides at the expense of all the rest of us that aren't in these schemes.

I appreciate your serious, honest concern for all the smaller investors as you consider the enforcement of position limits in all the futures markets. You know this manipulation that has been going on far too long is as bad as or worse than Madoff's ponzi scheme.

I have excerpted the following passages from the opening statement of your August 5th hearing and comments to you by Ted Butler of Butler Research, LLC and GATA board member, Adrian Douglas.

You said: “I believe that position limits should be consistently applied across markets for physical commodities of finite supply.”

to which Douglas replied in part................

"The fundamental problem is not with finite resources but with infinite production of dollars. You are turning a blind eye to the manipulation of markets on the short side (and the massive OTC derivatives markets) that is undertaken to mask the uncontrolled creation of fiat dollars backed by nothing."

Mr. Douglas' letter is linked here http://www.gata.org/node/7683

You said on Aug. 5 "…, I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated."

to which in part Mr. Butler said...........

Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well.

and Mr. Butler is linked here http://news.silverseek.com/TedButler/1250014324.php

Thank you,

Jayna Catherine, [redacted] [redacted] I am a real person with real concerns to clean up and control all this!

From: Vallabhi Knaapen-Bouwmans
To: energyhearingcomments;
Subject: Nake short selling, position limits.
Date: Wednesday, August 12, 2009 3:41:06 AM

Dear sir,

Even in the Netherlands we are aware of the illegal manipulation schemes going on in the US financial markets. Since the US markets are ruling the world this is very bad for world society. When your country isn't able to stop the criminals which country can?

Please take the appropriate measures to stop the criminal financial activities.

Kind regards,
Rob Knaapen, [redacted]

From: Håkan Karlsson
To: energyhearingcomments;
Subject: Position limits in the commodity futures markets.
Date: Wednesday, August 12, 2009 3:35:45 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Hakan Karlsson

From: Michel
To: energyhearingcomments;
Subject: energy hearing comments
Date: Wednesday, August 12, 2009 3:21:25 AM

Energy hearing comments

August 12th 2009

To Chairman Gensler.

I Michel Verdon fully support the comment sent to you by Theodore Butler from Butler Research LLC.

Its time to change the system and to be more equitable for the market and not just few.

Michel Verdon
[redacted]

From: James Christian
To: energyhearingcomments;
Subject: ENERGY HEARING COMMENTS
Date: Wednesday, August 12, 2009 3:06:16 AM

MR GENSLER,

THE LIKES OF THEODORE BUTLER ARE VERY KIND TO YOU. THEY DO NOT REALIZE THAT YOU ARE WHERE YOU ARE BECAUSE YOU ARE CONDUCIVE TO THE PROCESS AT HAND THEREFORE WHAT I HAVE TO SAY IS SIMPLE. DO YOUR DAMN JOB BEARING IN MIND IT WILL BE ON RECORD.
MY GROUP ARE AWAITING YOUR POSITIVE ACTIONS. THANK YOU VERY MUCH SIR.

DIMITRI

[redacted]

From: pc[redacted]
To: energyhearingcomments;
Subject: Silver Short Position in Comex
Date: Wednesday, August 12, 2009 2:48:04 AM

Gentlemen:
I see no evidence that the CFTC is doing its job in preventing obvious abuse in the
COMEX silver market.

Will it be a Madoff thing all over again, with proof that GATA
has been calling attention to the evidence for over a decade?
Who will be the fall guy(s) for that?

As Ted Butler's research recently pointed out:
"After published non-commercial and imputed commercial spreads are removed, the *net short position of one or two US banks exceeds40% of the total net futures open interest.* That same calculation indicates the net short position of the *four largest traders exceeds 66% of total net open interest*. *Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities."*

There is no doubt as to the evidence. Criminal penalties may eventually be applied.
When will the CFTC do its job?

Regards,

George Andrew,
[redacted]

From: Jeff Rogers
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 2:46:28 AM

Aug. 11, 2009
Chairman Gensler,
As a tax-paying citizen, I do appreciate the opportunity to send my comment regarding the hearings the CFTC held on speculative position limits in energy and other physical commodities of finite supply.
I am a novice investor, but follow energy and precious metals markets in particular. First because they impact our lives on a daily basis. One takes our wealth away and the other protects it.
Both are obviously manipulated by concentration in long and short positions , depending on the agenda of the few large traders who have stolen the wealth of america and are in the process of destroying our currency as well.
I may not be very articulate to express my views as well as a seasoned investor, but I know when we the people are being manipulated and impoverished on a daily basis.
I finally have a glimmer of hope that you will do what is right and agree with you that position limits should be consistently applied across markets for physical commodities of finite supply,
and ensuring that markets do not become concentrated in a few hands.
The Commission has the responsibility to stop this blatent manipulation and I am of the opinion that position limits should be administered by the CFTC without exception, to both the long and short side of trades . It is imperative that some faith is restored in these manipulated markets,which will in turn , restore faith in a free market, before it is too late. America as a nation depends on your decisions. The people are growing tired of the bankers that have raped this country. We are tired of the greed which has brought this once great nation to its knees. Thanks to the power of the internet, the average person now has the ability to search for the truth out of all the lies and see for themselves what has brought us to this disaster in our economy. Its the same people that caused this collapse, that also manipulate the commodity markets. Route them out, and you will be the hero!
Sincerely,
Jeff Rogers

From: james kryzak
To: energyhearingcomments;
Subject: positioin limits
Date: Wednesday, August 12, 2009 2:42:22 AM

Sir,
Please enforce "position limits". Please.
Why continue to allow white collar crime.
Things are bad enough as it is already.
Make a difference. Enforce the rules.
James Kryzak
[redacted]

From: Trevor Torrey
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 2:42:02 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Trevor Torrey

[redacted]

[redacted]

CFTC Commissioners,

I took heart upon reading your statements made on July 7, and look forward to more news on your hearings. That you're seeking input from the public is a positive step in the right direction.
For too long the CFTC has turned the other way whilst speculative trading has taken place in the precious metals market. Most notable is silver, followed by gold.

I'd like for you to take into serious consideration Mr Butler's and Mr Douglas' comments:
http://news.silverseek.com/TedButler/1250014324.php
www.gata.org/node/7683

The main way in which you can put an end to the speculation is through imposing position limits. I recommend a limit of 1000 contracts. For this to be effective, we need for you to scrap the scandalous exemptions currently granted to a few big shorts that dominate the COMEX pricing (most notable are JP Morgan Chase, HSBC, Goldman Sachs). I've yet to see any reasoned explanation from these big shorts explaining why they are short.

I've been disappointed that the hearings didn't include any precious metals witnesses, and note
from the recent ongoing build up of naked short positions by a few well known banking institutions, that
the naked short selling has continued unabated. I'm confident that you have the public's support.

Best Regards,
Calum Coburn
[redacted]

[redacted]

From:	jan.bleys[redacted]
To:	energyhearingcomments;
Subject:	Energy Hearing Comments , silver
Date:	Wednesday, August 12, 2009 1:58:56 AM

Tuesday, August 11, 2009

Gary Gensler, Chairman
U.S. Commodity Futures Trading Commission
3 Lafayette Centre
1155 21st St. N.W.
Washington, D.C. 20581

Dear Chairman Gensler:

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.

I have excerpted the following passages from your opening statement of August 5th. You said:

"I believe that position limits should be consistently applied across markets for physical commodities of finite supply."

"..., I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated."

"The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity."

According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.

Respectfully,
[redacted]

copied from http://news.silverseek.com/TedButler/1250014324.php
http://news.silverseek.com/TedButler/1250014324.php

From: User773100[redacted]
To: energyhearingcomments;
Subject: concentrated short positions in gold/silver
Date: Wednesday, August 12, 2009 1:58:17 AM

Dear members of CFTC,

I urge you to enforce the law and stop the price suppression/manipulation of all commodities including the precious metals.

Thank you,

Bob Williams
[redacted]

From: david (tony) bonn
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 1:43:21 AM

With respect to the captioned hearing's consideration of position limits in the trading of energy and other commodities I would urge strongly that both long and short positions be regulated in comparable manner and that vigorous measures with active enforcement be implemented to prevent market concentrations by very few players.

Clearly there must be a relationship between the physical supply of a commodity and the ability to trade it, especially on the short side. This disconnection with supply has been used to manipulate prices downward with the highly adverse consequences of impaired production and the robbing of wealth of American citizens. Healthy markets depend upon uncorrupted price signals which unfortunately have disappeared because willful negligence on the part of the regulatory agencies charged with overseeing these markets.

My special interest is COMEX gold trading where short positions are held by just 3-4 "traders" who control 75-90% of all such positions. This meets the test if not the definition of market manipulation and possibly cornering.

It is obvious to all disinterested parties that the government is actively engaged in the rabid manipulation of capital and commodities markets for political gain. The Department of Energy engineered the collapse of oil last summer. Larry Summers has published papers on the necessity of manipulating gold downward in order to prop up interest in government debt. These matters should be settled by all players trading in a transparent free market – not by the 8000 pound gorilla of the Plunge Protection Team aka The President's Working Committee on Markets – a committee which would be prosecuted out of existence if working as a private group.

For more detailed development of some of these ideas you may consider the arguments of the following.

Butler's comments can be found here:

http://news.silverseek.com/TedButler/1250014324.php

Douglas' comments may be found here:

http://www.gata.org/node/7683

David Bonn
[redacted]

From: Ken Krupski
To: energyhearingcomments;
cc: Maria Cantwell; Patty Murray;
Subject: Short-side position limits
Date: Wednesday, August 12, 2009 1:28:38 AM

Dear CFTC Commissioners:

Regarding 'position limits in the commodity futures markets', I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

and by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits. This is not only an issue of fairness but also one of confidence and credibility.

Thank you for your consideration.

Ken

Ken Krupski
[redacted]

From: Bbhsudduth[redacted]
To: energyhearingcomments;
Subject: Comment on Short Selling/Position Limits under consideration.
Date: Wednesday, August 12, 2009 1:25:39 AM

Dear CFTC,

Please heed the comments of Mr. Butler and Gata Board Menber Adrian Douglas. Their respective comments are linked below.

http://www.cftc.gov/newsroom/commentprocedureinstructions.html

http://www.gata.org/node/7683

I also wish to say that nobody should be able to Sell a commodity or a stock without actually owning it. The practice of Short selling is totally fraudulent from beginning to end unless it is truly a sale of property owned. In our society there would not be a moments hesitation to jail anyone who sold his neighbors house without his knowledge or even asking him? It is absolutely immoral and illegal. No one can do these criminal activities unless sanctioned by the government and you must not condone it.

It does not matter not how much you sell or how big the position is that you are selling but it is pure Fraud to be selling that which you do not actually own. If you do not own it, you cannot sell it. Simple truth. Anything else is Fraud pure and simple. It accommodates and encourages market participants who love to get rich by robbing from society as a whole. And you in your denial, are facilitating this theft. Please, stop this practice immediately and forever more.

Yours truly,

Beau Sudduth
[redacted]

From: LARRY E JACOBSON
To: energyhearingcomments;
Date: Wednesday, August 12, 2009 1:15:48 AM

Chairman Gensler,
I hope and pray you are the man that can stand up for what's right and help fix this most corrupt and one sided market that is so in favor of the big investment bankers. It is the short side of the markets especially the silver market with their gigantic massive concentration that I see as manipulation. That kind of concentration can only lead to manipulation, They have the power to control the market at will. The tactics they use are pure robbery of the people, picking their pockets at will. That is why Goldman for one has all the advantage over the little guy. The chips are stacked against us to the point that we have not even a chance in you know where of ever seeing a level playing field. Limit the short side as well as the long side with exemptions only to those who legally qualify.

Helena Jacobson
[redacted]

[redacted]

From: Peter
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 1:13:00 AM

Chairman Gensler,

According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, **the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level which threatens market integrity and liquidity**.

After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest.

That same calculation indicates **the net short position of the four largest traders exceeds 66% of total net open interest**.
Such levels of concentration do not exist, either on the long or short side, **in any other market for physical commodities**.

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits.
This will increase the number of traders on the short side of COMEX silver, as you previously stated.

The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity.

Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that **the Commission should impose a speculative position limit of no more than 1500 contracts in COMEX silver futures**.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, **commodity law requires you to guard against excessive speculation or manipulation on the short side** as well.

No other market comes as close to fitting the profile of a

manipulated market than does COMEX silver on the short side.

I urge you to change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.

Respectfully,

Peter Soldwedel

From: Mark Howard
To: energyhearingcomments;
Subject: Limiting Positions in Commodity Futures Markets
Date: Wednesday, August 12, 2009 1:12:43 AM

Dear CFTC Commissioners:

I am very concerned that our currently poorly regulated system enables big players to unethically manipulate the market by concentrating short positions in silver and gold. I favor position limits, especially short-side position limits. I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas of GATA here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Sincerely,

[redacted]

[redacted]

From: Alan Walsh
To: energyhearingcomments;
Subject: Comment regarding enforcement of position limits in the futures markets
Date: Wednesday, August 12, 2009 1:04:44 AM

Ladies and Gentlemen,

RE: The COMEX Silver market.

I find it abhorrent that the net short position of one or two US banks exceeds 40% of the total net futures open interest, and that the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.

It's an abomination that the CFTC has allowed this to go on for so long, sobering questions are raised as to why, and it's well past time to put a stop to it.

Thank you,

Alan L. Walsh
[redacted]

From: Andrew Green
To: energyhearingcomments;
Subject: Price manipulation in gold and silver market
Date: Wednesday, August 12, 2009 1:02:55 AM

I think it is obvious that there is price manipulation in both the gold and silver market. Please take care of it... That's why you were hired on as a PUBLIC SERVANT. You don't work for Goldman Sachs; you work for the public.

Thanks,

Andy Green :-)
[redacted]

From: LARRY E JACOBSON
To: energyhearingcomments;
Date: Wednesday, August 12, 2009 12:54:06 AM

Chairmen Gensler,

Having been the victim of having a number of my stocks appear on the FTD list in the last couple of years I prayfully urge you to take steps to govern the short side as well as the long side. It appears to me that there has been more damage done by minipulation of the short sellers illegal and legal. It has been my observation the market is so lop sided and corrupt in favor of the investment bankers with their big money and their over sized consentration in contracts especially in the silver markets. It is obvious that they run the show and can sheer the sheeple when ever they choose. It has gotten so corrupt that I don't think I will ever see a level playing field in the markets in my lifetime. The Oligarths run the country to their benifit and the Fed. the SEC and even the Presidency dances to their toons. I pray that some one who can make a difference has the you know what to stand up and make that difference.

Hoping for a miracle
Larry E Jacobson
[redacted]

[redacted]

From: Lynn
To: energyhearingcomments;
Subject: short side position limits
Date: Wednesday, August 12, 2009 12:45:18 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.
Lynn Bailey
[redacted]

From: Julia Sze
To: energyhearingcomments;
Subject: Comments submitted by Butler & Douglas
Date: Wednesday, August 12, 2009 12:44:21 AM

I urge the CFTC to heed the comments submitted by Ted Butler and Adrian Douglas. Thank you for your attention.

Here are the links:

Butler: http://news.silverseek.com/TedButler/1250014324.php

Douglas: http://www.gata.org/node/7683

Julia Sze
[redacted]

From:	William Peace
To:	energyhearingcomments;
Subject:	What about SILVER!
Date:	Wednesday, August 12, 2009 12:41:17 AM

Chairman Gensler,

Thank you for the attention that these hearings are bringing to a subject that needs to be addressed. Namely, position limits for futures of commodities of finite supply, and the limitation of exemptions to bonafide producers, and consumers of these actual commodities.

I agree that possition limits should be set for the futures trading of all commodities. Futures are, after all, derivatives and as such need common sense limits.
It is a violation of common sense when a bank, or small group of banks is allowed to sell short more of a commodity than is produced in a year, when the bank does not even produce that commodity.
Yet, that is exactly what is happening in the Silver market.

The first problem is that current limits on Silver are way too high when compared to limits already in place for all other commodities.
Whether you use annual production, or a percentage of open interest, the limits on silver are way out of whack.
The second is that exemptions have been given to large bank participants who are not bonafide hedgers.
These banks (JP Morgan & HSBC) have taken huge positions on the short side of the silver market, exceeding 40% of the total net futures open interest.
These same banks hold monsterous positions in off market derivatives of gold and silver. Seems like there is plenty of motive for these banks to want to 'control' the underlying asset that their huge derivatives are based off of.
Motive, however, is a moot point. The fact is that there is a highly concentrated, and manipulative structure in the silver market right out in the open for everyone to see. This structure is in violation of commodity law, and has, and continues to cause damage to the public.
This is the most obvious example of concentration, and hence control that can be seen out there. I have no idea why the silver market is not being used as an example of why there needs to be lower overall position limits, and no exemptions to the big derivative players (the banks).

I am glad that these issues are being discussed. I would like to see the issue of the silver market discussed. But while you are discussing these things, there is a manipulation and fraud being perpetrated. It is the task given to the CFTC to protect the public from just such crimes. A crime of this nature cannot be allowed to continue, even to avoid so called market dislocation. The dislocation exists already due to the manipulation, and continues to claim victims while it is allowed to continue.

Please set the limits in the silver market to no more than 1500 contracts. And for goodness sake, revoke the exemptions from all but genuine bonafide producers, and users.

William Peace
[redacted]

From:	Harry Hilleognds
To:	energyhearingcomments;
Subject:	Energy Hearing Comments
Date:	Wednesday, August 12, 2009 12:39:21 AM

I would like to comment on position limits.
There needs to be position limits for the short side as well as the long side.
Unless you want someone to manage a market when you are not looking.
All you have to do is look what institutions have caused the biggest problems in this country by not having limits. That would be the banks. Especially the large ones who are to big to fail. Why wait for more problems?
I would like to point out the metals markets as well as energy need looking into.

Harry Hillegonds
[redacted]

From:	Herbert Berkowitz
To:	energyhearingcomments;
Subject:	Energy Hearing Comments
Date:	Wednesday, August 12, 2009 12:38:58 AM

I strongly urge the Commission to adopt rules to stop all manipulation of all markets from both the long and short sides and without regard to the commodity involved. Manipulation is wrongful in all events whatever the reason and whoever the source. Do the right thing!!

Herbert Berkowitz
[redacted]

From: flexcon[redacted]
To: energyhearingcomments;
Subject: Energy hearing Comments
Date: Wednesday, August 12, 2009 12:33:28 AM
Attachments: Energy Hearing Comments CFTC.doc

"Energy Hearing Comments"

August 11, 2009

Chairman Gensler

Firstly I would like to thank the commission for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. I would also like to commend the CFTC in its effort so far on the issue.

I myself am an investor in the silver market outside of the Unite States of America and have over the years noticed issues with regards to market integrity, position limits, and manipulation. Time and time again this has become more and more obvious. It's no secret that this market is manipulated severely by just a few institutions, when it comes to short and long positions.

This sort of exemption or lack there of regulation has made the market extremely unfair to the general investor. It not only makes investing in these markets undesirable, it also shines a dark light on the whole market, and deters investors in both the United States and abroad from investing in the United States.

You need only look at what's going on in the markets right now to see that things are jittery and on the edge, ignoring manipulation and allowing exemptions does not help and never has helped the markets in anyway, only very few have benefitted from this sort of behaviour.

Without getting into figures, as I am sure your well aware and informed as to what is going on, id like to state that I believe speculative position limits of between 1000 to 1600 contracts be set by the CFTC in COMEX silver futures, and restrictions on any exemptions from the speculative position limit to the bona fide producers or consumers of the commodity and not to those engaged in financial trading through aggregation. These limits should possibly be reviewed every so often as to the performance and impact on the market.

Your opening statement on the issue during the hearings was very encouraging and welcomed by myself and most surely many other investors. I note that you have the support of many in these hearings, and trust that a well informed and intelligent decision will be made, to make these markets a better and safer place to invest in.

I believe its time to prove the sceptics out there wrong and show that the CFTC has now turned a new leaf in its chapter and is committed to correcting these problems, despite having to make some decisions that will no doubt be unfavourable by a minor few institutions.

This will undoubtedly be extremely welcomed by the markets world wide and will show that not only is the CFTC doing its job, but that the United States Government has acknowledged these problems exist in the markets, and will actively do something to correct them. This can only be viewed as a positive step forward to the rest of the world watching.

Once again thank you for the opportunity to comment and I look forward to the CFTC decision.

Yours truly,

George Christodoulou [redacted]

From: William Froemming
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 12:32:53 AM

Chairman Gensler;

Although I am far from being an expert on this topic, it seems clear to me that the option of trading futures has strayed far to many miles from it's original intention.

The original intentions of such a system, protected the producers and consumers from severe price fluctuations, and ensured a constant supply at reasonable and steady prices. The actions of the short sellers in recent years, has done just the opposite.

Whether it is fact or not that barrels of oil were traded 27 times before hitting the pumps last summer, there was certainly a large amount of speculation causing severe price fluctuations. There is no room for such activity and it must be stopped one way or the other.

Some have argued that these new "creative investment vehicles" help to fuel the economy. This is pure nonsense. It fuels a very small cadre of individuals, who have no interest in the well being of the consumer or steady prices. Their only interest is in making money. This kind of attitude is what has converted our economy to what it is today, a shadow of it's former self. If we do not change course and get back to producing rather than creating paper shuffles that produce profits for a select few, our country is near it's end.

Although my letter has focused here on oil, the same is true for wheat, sugar, gold, silver and all other commodities. The ONLY parties that should be allowed to engage in these contracts are those that are direct buyers or sellers of the product, they should be forced to prove possession or intent to posses, and if they can not, let them find another financial vehicle to joy ride in.

You have in your hands, a chance to make history on behalf of the people. I hope you make a mark that we can all be proud of.

Sincerely
William Froemming

From: David Weirich
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 12:32:45 AM
Attachments: The Speculation Tax on the Oil Industry.pdf

I do not believe that speculation is necessary at all to ensure liquidity in the trading of physically-settled futures, and have enclosed a business case explaining why. After the first Hearing on Speculative Position Limits in Energy Futures Markets, I called the office of Commissioner Jill Sommers to obtain clarification on why she felt that speculators removed the risk from those conducting hedging operations. A spokeswoman for the CFTC returned my call, the following are the three points she stressed, along with my rebuttal of each point.

1. Speculators take on risk which hedgers wish to shed. This view was predominant in Commissioner Jill Sommers' opening remarks on the hearings, and is misleading at best, if not downright untruthful. Futures contracts themselves are the avenue hedgers use to eliminate risk, and can be made directly between commercial participants without speculator interference. Commercial participants do not have to enter into physically-settled futures contracts; rather, they may rely on the spot price/cash market. But the cash market is what is truly risky, as commercial participants do not know how the spot price will fluctuate over time. This risk may be eliminated by entering into a physically-settled futures contract with another commercial participant, with no need of speculator involvement. After entering into a futures contract, there is a zero-sum gain between the two commercial participants, but at least both sides can anticipate future cash inflows and outflows.

2. Without speculation, no party would take the long position on futures contracts. This was a reason given by an unnamed CFTC spokeswoman returning my call in response to Commissioner Sommers' remarks. But this only proves that speculators interfere with the true market price of a commodity. If there are more potential short parties than long parties for a particular commodity, this implies there is more supply than demand, and the market price must adjust accordingly; the same rationale applies if demand exceeds supply.

3. Speculators are necessary to ensure a liquid market. But liquid markets are provided by exchanges, with no need of speculators. Futures exchanges provide timely pricing data for particular commodities, which commercial participants can use to decide when and if to enter into a beneficial physically-settled futures contract.

Speculators are not involved out of the kindness of their hearts to promote efficient markets. In actuality, investment banks such as Goldman Sachs profit handsomely from their speculation efforts. This profit must either erode the profits of legitimate commercial participants, or increase the price passed on to consumers. In effect, there is a speculation tax imposed by the efforts of investment banks.

Why is the CFTC so determined to advance these myths in defense of speculation? Perhaps it is because the CFTC itself is one of the worst-case examples of the revolving door in Washington, with so many key members directly linked to the investment banking world. If so, it is no wonder the CFTC refuses to hear any arguments on why speculation is not necessary in trading physically-settled futures, and there will be absolutely no substantive reform with respect to speculation. There should be no limits on speculation with respect to cash-settled futures, but there is absolutely no need for speculation in physically-settled futures, and the CFTC position is indefensible and reprehensible.

Sincerely,

David Weirich
[redacted]

The Speculation Tax on the Oil Industry

By David Weirich

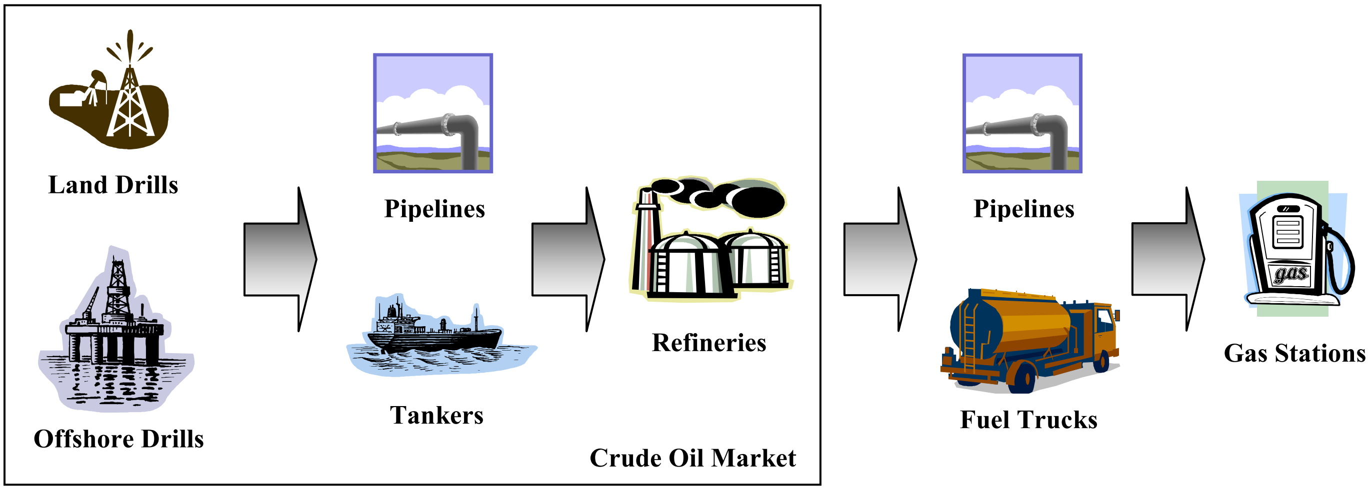
Introduction

In the crude oil market, speculation involves an investment bank or other non-commercial company entering into to contracts to actually buy physical barrels of crude oil at one time, and entering into a separate contract at a different time to sell the oil. In this manner, a firm such as Goldman Sachs can influence the market price of crude oil, without ever producing, distributing, or refining a single barrel of crude oil. The profits earned by speculators are then passed on to consumers, effectively becoming a speculation tax on all oil products. Speculation is not required to form an effective marketplace bringing crude oil producers and refineries together to negotiate a true market price, as this function is performed by exchanges such as provided by the CME Group. New regulations are therefore required in order to prevent speculators from trading in what are known as physically-settled futures, while continuing to allow such entities to trade in cash-settled futures.

The Oil Supply Chain and the Crude Oil Market

Before entering into an explanation of how speculation influences the price of crude oil, it is necessary to understand the oil supply chain and the "crude oil market". The oil supply chain is the process by which crude oil is obtained from land or offshore reserves, transported to refineries to be distilled into useful finished products, then finally stored and distributed to consumers (Figure 1). Only refined products, not crude oil itself, are used by consumers; however, price increases in crude oil are transmitted through the oil supply chain to consumers.

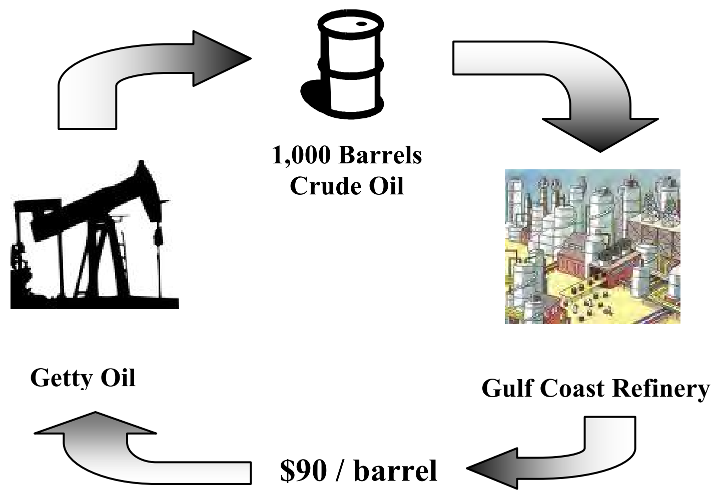
Figure 1: The Oil Supply Chain[1]



The crude oil market is the portion of the oil supply chain which involves only crude oil suppliers and refineries. In many countries, state-owned companies own and operate the entire crude oil market. Petróleos Mexicanos (PEMEX), which is owned by the Mexican government, controls all production and refining operations within Mexico. In the United States and Canada, although some large firms such as Exxon Mobil and Conoco Phillips both produce and refine crude oil, many small private firms occupy only one position of the crude oil market. Figure 2 shows a scenario in which Getty Oil, which does not own any refineries, produces and delivers 1,000 barrels of crude oil on August 15 to the Gulf Coast Refinery, which does not produce any crude oil by itself. Since both Getty Oil and Gulf Coast Refinery are privately owned, a market mechanism must exist to determine the selling price of crude oil, which is $90/barrel in Figure 2.

[1] For a more detailed explanation of the oil supply chain, the reader is encouraged to review the Energy Information Administrations brochure at http://www.eia.doe.gov/bookshelf/brochures/gasoline/index.html.

Figure 2: Transaction in the Crude Oil Market



Market pricing and incentives

What determines the price of crude oil in the transaction between Getty Oil and Gulf Coast Refinery in Figure 2? There are two principal methods by which the transaction price is determined:

1. Spot price. If Getty Oil and Gulf Coast Refinery do not enter into a contractual agreement before August 15, then the spot market price, the price most frequently reported in oil markets, will be used. Spot price is the market price at which refineries can purchase crude oil for delivery on that day with no prior contracts, and is conversely the price producers can sell crude oil to refineries on that day with no prior contracts.

2. Futures price. Getty Oil and Gulf Coast Refinery can enter into a physically-settled futures contract prior to August 15 at an agreed upon price. After entering into the contract, no matter what happens to the spot market price of crude oil, Getty Oil will deliver 1,000 barrels of crude oil to Gulf Coast Refinery on August 15 for $90/barrel.

The Gulf Coast Refinery desires a low crude oil price in order to minimize crude oil expenses and maximize earnings. Analysts predict that the refinery will be profitable if it can purchase crude oil at or below $70/barrel, which is the breakeven point determined from anticipated future demand of finished oil products and refinery operating expenses. Getty Oil analysts, on the other hand, have calculated that they need to sell crude oil at or above

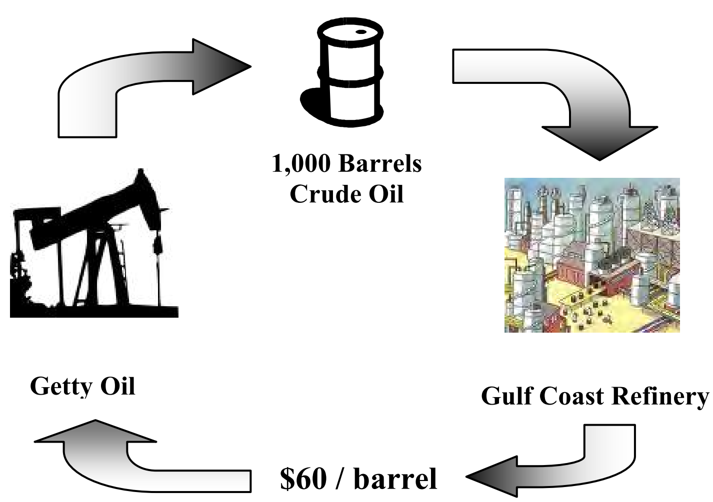
$50/barrel to operate profitably; the oil producer seeks to maximize crude oil sales revenue in order to maximize earnings. Therefore, crude oil prices between $50 and $70/barrel will enable both Getty Oil and Gulf Coast Refinery to operate profitably.

Description of and uses of futures contracts

A physically-settled futures contract is a standardized contract specifying a certain type of commodity, how much of the commodity is to be delivered, delivery price, and delivery date. There are also other types of futures contracts, known as cash-settled futures, where no delivery of any physical commodity occurs; rather, the participants in a cash-settled futures contract are simply wagering on how the price of the actual commodity will change over time.

Because Getty Oil and Gulf Coast Refinery need to deal in actual crude oil to conduct their business operations, they will enter into a physically-settled futures contract. For this example, suppose that the contract is made on June 20 for the following terms: Getty Oil will deliver 1,000 barrels of crude oil to the Gulf Coast Refinery on August 15 of the same year for $60/barrel. Suppose also that the crude oil spot price for June 20 is $55/barrel, and the crude oil spot price will fall to $45/barrel on August 15. This situation is illustrated in Figure 3.

Figure 3: Futures Contract Between Producer and Refinery



Why would either Getty Oil or Gulf Coast Refinery enter into this contract? The answer is because neither can exactly predict the spot price of crude oil on August 15. Refineries require crude oil every day, not just on August 15. If Gulf Coast Refinery waits until August 15 to purchase the amount of crude oil it needs for that day, the spot price could be $50/barrel, $60/barrel, $70/barrel, or any other price. On June 20, the spot price is only $55/barrel, but Gulf Coast Refinery does not have sufficient storage space to purchase excess crude oil now and hold it until August 15 or any other future date, because it can only store a sufficient amount of crude oil for a single day of refining operations. So rather than risk the spot price rising above $70/barrel on August 15, the spot price at which the refinery believes it can operate profitably, Gulf Coast Refinery enters into the contract to avoid the negative consequences of a potential steep rise in crude oil price.

Getty Oil's minimum required price is $50/barrel, with anything above that amount increasing its earnings. So, with the June 20 spot price of $55/barrel, Getty Oil could hope for the spot price to remain above $50/barrel until August 15, or enter into a futures contract. By entering into an agreement to sell at $60/barrel on August 15, Getty Oil would not realize any extra earnings if the spot price rose above $60/barrel, but also locks in a guaranteed amount of earnings.

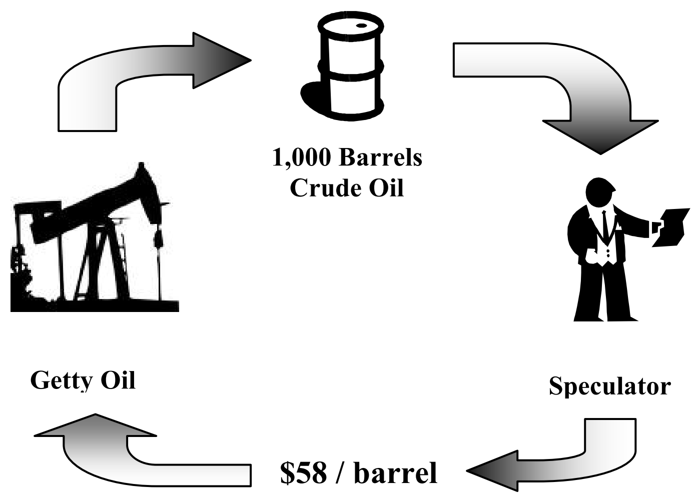
In this example, Getty Oil gains $15/barrel on August 15 by selling crude oil at the contract rate of $60/barrel instead of the spot price of $45/barrel. Conversely, Gulf Coast Refinery loses $15/barrel by purchasing crude oil at the $60/barrel contract rate instead of the lower $45/barrel spot price. The futures contract between Getty Oil and Gulf Coast Refinery has resulted in zero gain overall over using the crude oil spot price, since Getty Oil's gain was exactly cancelled out by Gulf Coast Refinery's loss, but the futures contract has at least allowed both sides to guarantee a certain profit margin and continue operating effectively; if Getty Oil had not entered into the contract, the falling spot price would have caused them to operate at a loss. This is a classic example of both parties involved in hedging operations while facing future economic uncertainties.

Enter the speculators

Under the CME Group's current rules, non-oil producing companies such as Goldman Sachs can trade in physically-settled crude oil futures. The impact of this speculation on the price of crude oil, and therefore on the price of all finished oil products, is now explained.

In the previous section, an example was provided of a crude oil producer (Getty Oil) entering directly into a physically-settled futures contract with a refinery (Gulf Coast Refinery), which makes good business sense given the nature of the crude oil market. Now suppose that Getty Oil enters into a futures contract with Speculator. Since Getty Oil needs to sell above $50/barrel, on June 10 Speculator offers to buy 1,000 barrels of crude oil on August 15 for $58/barrel, as shown in Figure 4. Although this is lower than the price Gulf Coast Refinery was willing to pay on June 20, it is still above Getty Oil's required minimum price of $50/barrel, and once the deal is complete Getty Oil is contractually obligated to Speculator and cannot rescind the contract for more favorable terms.

Figure 4: Futures Contract Between Producer and Speculator



Since Speculator does not actually produce, distribute, or refine crude oil, it must sell to Gulf Coast Refinery any crude oil it purchases from Getty Oil. Gulf Coast Refinery has incentive to obtain crude oil for less than $70/barrel; therefore, on June 20 Speculator offers to sell 1,000 barrels of crude oil to Gulf Coast Refinery on August 15 for $68/barrel, terms which the refinery accepts. The arrangement between Gulf Coast Refinery and Speculator is shown in Figure 5, and overall structure of the two contracts involving Speculator is illustrated in Figure 6.

Figure 5: Futures Contract Between Speculator and Refinery

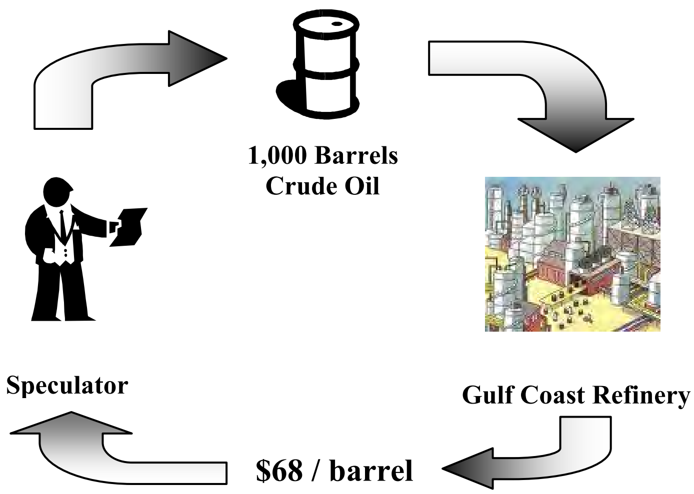
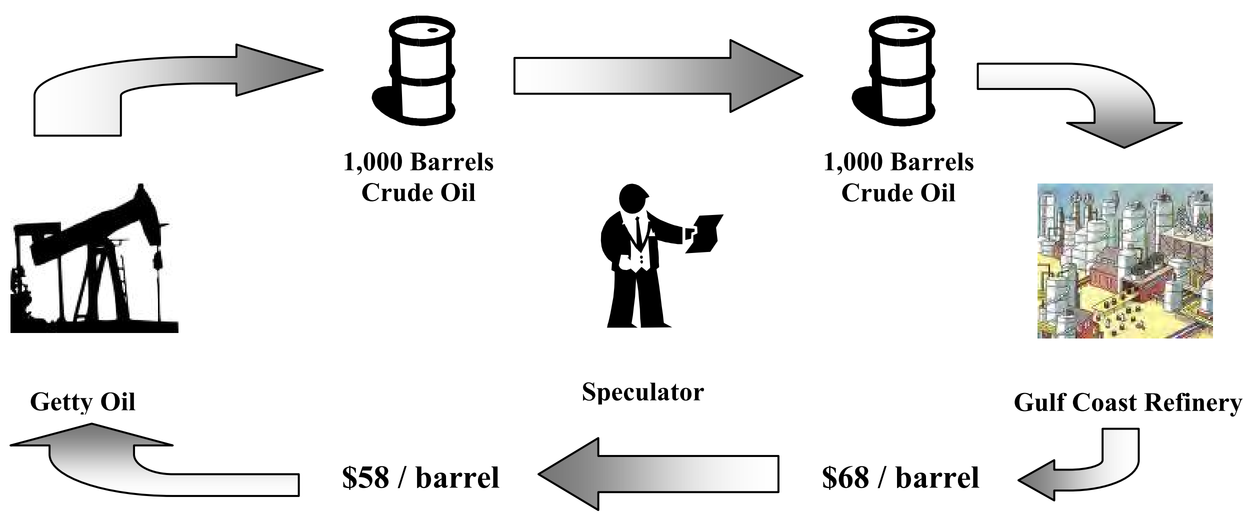


Figure 6: Combined Effect of Both Futures Contracts



Potential impact of speculation on "market" prices

Notice in Figure 6 that Speculator's sole function in the crude oil market is to act as a broker between Getty Oil and Gulf Coast Refinery, rather than producer and refinery negotiating directly as in Figure 3. Speculator does not actually serve as the marketplace in bringing together crude oil producers and refineries; rather, that function is performed by exchanges such as the CME Group, which is perfectly capable of enabling the contracts shown in Figure 3 between producer and refinery directly. Instead of allowing Getty Oil and Gulf Coast Refinery to negotiate a true market price amongst themselves in Figure 6, Speculator has artificially inserted itself into the crude oil market to obtain a profit without actually delivering anything of value to the oil industry or its customers – true value comes from exchanges such as the CME Group in enabling producers and refineries from negotiating directly, not from speculators.

Who pays for the profit earned by Speculator in the above example? Speculator has earned a profit of $10/barrel without ever having to produce, distribute or refine a single barrel of crude oil, while the "market" price of crude oil has risen from $60/barrel when Getty Oil and Gulf Coast Refinery negotiated directly to $68/barrel when Speculator became involved. This cost must (1) be passed on to consumers by the refinery, (2) erode the earnings of crude oil producers or refineries legitimately engaged in the oil business, or (3) some combination of the first two consequences – this is the speculation tax.

Conclusion

The use of physically-settled futures contracts, when negotiated directly between crude oil producers and refineries, is a legitimate and useful method of hedging while providing a valid market price for crude oil. Whenever non-commercial speculators such as Goldman Sachs are allowed to trade in physically-settled futures, the result is interference in the crude oil market which may result in higher prices for consumers and lower earnings for the companies which are actually engaged in the oil business. Because exchanges such as the CME Group provide a marketplace for producers and refineries to negotiate the market price of crude oil directly, there is no need for speculators to trade in physically-settled futures contracts. Speculators may safely trade in cash-settled futures contracts with negligible impact on proper market operation, so long as crude oil market participants such as Getty Oil and Gulf Coast Refinery are not involved in trading cash-settled futures contracts.

From: aljandkorbin[redacted]
To: energyhearingcomments;
Subject: short-side positions limits
Date: Wednesday, August 12, 2009 12:32:44 AM

Dear CFTC Commissioners:
In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:
http://news.silverseek.com/TedButler/1250014324.php
And by commodity market analyst Adrian Douglas here:
http://www.gata.org/node/7683
Short-side position limits are as necessary as long-side limits.
Thanks for your consideration.
Albert Jablonski
[redacted]

I also agree with the post below and this should be considered also.

Gene Arensberg, author of the "Got Gold Report" in Brien Lundin's Gold Newsletter (http://www.GoldNewsletter.com), has joined those urging the U.S. Commodity Futures Trading Commission not to be more restrictive with commodity longs than with commodity shorts. The CFTC, Arensberg says, should not impede groups of investors seeking to protect themselves against currency debasement by purchasing commodities. Arensberg's letter includes some excellent charts. GoldSeek's companion site, SilverSeek, has posted it under the headline "Gene Arensberg's Letter to the CFTC" and you can find it here:
http://news.silverseek.com/SilverSeek/1250049681.php
* * *

From: Allan Flynn
To: energyhearingcomments;
Subject: Commodity Futures Markets Hearings
Date: Wednesday, August 12, 2009 12:31:37 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Allan Flynn
[redacted]

From: Dr. Colin Walker
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 12:30:52 AM

Dear Chairman Gensler,

I would like to add my voice to those urging you to seriously considering position limits for trading entities in the commodity futures markets, particularly for entities that, despite their large positions and adequate capitalization, i.e., financial firms, have no actual production facility, and therefore particularly, when they hold a disproportionately large short position, are not acting purely as a "commercial" hedger, despite being classified as such by the exchanges. This is clearly the case in the precious metals markets, as Ted Butler, at http://news.silverseek.com/TedButler/1250014324.php, has so ably pointed out.

The repeated takedowns in these markets by the bullion banks that hold a very large portion of the short position in the markets, are clearly manipulative, and appear to violate the spirit if not the letter of the CFTC regs. That they have found loopholes that allow such activity, or that they are able to influence regulators such as yourself, in past days, to look the other way, does not do credit to the American free market system, (a term that some suspect should no longer apply). You alone have the power to see these wrongs put right, and I urge you to inquire in detail, and act expeditiously, taking into account all the evidence, including the above, and much previously presented by Mr. Butler and others in this regard.

Thank you for your time and consideration.

Colin L. Walker, M.D.
[redacted]

[redacted]

From: aljandkorbin[redacted]
To: energyhearingcomments;
Subject: short side positions limits
Date: Wednesday, August 12, 2009 12:26:21 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:
http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:
http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Albert jablonski

[redacted]

From: Lincoln Harold
To: energyhearingcomments;
Date: Wednesday, August 12, 2009 12:18:58 AM

Would you please consider posting limit s on the silver and gold short positions. The past couple of the two major shorts increase their positions and consequently the metals were driven lower in price. how can you possibly bury your head in the sand and keep ignoring this major fiasco. These derivitives run into the trillions of dollars. I hope you rectify this short problem before China and Russia decide to do it for you with massive defaults. Lincoln J. Harold

From: chrisstevens
To: energyhearingcomments;
Subject: We Need Limits on Short Side Trading Also.
Date: Wednesday, August 12, 2009 12:17:50 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And also the comments made by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Chris Stevens
[redacted]

From: Pete Eakle
To: energyhearingcomments;
Subject: I agree with the comments sent to you by Butler and Douglas (of GATA)
Date: Wednesday, August 12, 2009 12:16:20 AM

Butler's comments can be found here:

http://news.silverseek.com/TedButler/1250014324.php

Douglas' comments may be found here:

http://www.gata.org/node/7683

Pete Eakle
[redacted]

From: springhillltd[redacted]
To: energyhearingcomments;
Subject: Short side position limits
Date: Wednesday, August 12, 2009 12:15:28 AM

Sir
please heed the information supplied to you from Ted Butler and Adrian Douglas
concerning your upcomming vote; short side position limits / enforce the uptick rule
Regards
William Brundige
[redacted]

From: Delbert Rasmusson
To: energyhearingcomments;
Subject: cftc email
Date: Wednesday, August 12, 2009 12:14:42 AM

dear sirs,
I am just one of the people you are trying to protect and a blind eye is not the way to act. here are a couple links that makes perfect sense to me.

Butler's comments can be found here:

http://news.silverseek.com/TedButler/1250014324.php

Douglas' comments may be found here:

http://www.gata.org/node/7683

Sincerely

Del Rasusson

From: Heinz Lycklama
To: energyhearingcomments;
cc: Lukken, Walter; Obie, Stephen J.; secretary; Lavik, A. Roy; R Schaeffer; Stowe, Natise L.; Dunn, Michael; Jnewsome@nymex.com; Sommers, Jill; Jamie Dimon; Dean Payton; Ryall, Christine; Chilton, Bart; Eric Thorson; Gensler, Gary; Maria Cantwell; Rick Larsen; Patty Murray; Patty Murray;
Subject: CFTC - Enforcing Position Limits
Date: Wednesday, August 12, 2009 12:13:15 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary and important as long-side limits.

Thanks for your consideration.

Heinz

Heinz Lycklama
[redacted]

From: ROBERT LAGUARDIA
To: energyhearingcomments;
Subject: position limits silver trade
Date: Wednesday, August 12, 2009 12:12:44 AM

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honorable mr GENSLER PLEASE ESTABLISH POSITION LIMITS METALS MKTS EI GOLD AND SILVER...PLS REDUCE POSITION LIMITS IN SILVER NO MORE THAN 1500 CONTRACTS AS PER MR BUTLER AND GATA.ORG STOP SILVER MANIPULATION BY MONEY CTR BANKS VIA CONCENTRATED SHORTS....THREE OR FEWER LARGE PLAYERS ARE CONTROLLING SILVER MKT....WHERE IS AGENCY ENFORCEMENT ? ?

From: palmer0524[redacted]
To: energyhearingcomments;
Subject: Dear Commission
Date: Wednesday, August 12, 2009 12:10:50 AM

I think it is of dire urgency that the commission consider the comments of Ted Butler and Adrian Douglas in regards to position limits. On another note, I think the following link is something that also should be looked into, because if this is infact true, it sounds like another massive ponzi scheme involving the banks. This is something that could drastically jeopardize americas dominance in not only futures trading, but also in the capital markets. I can't imagine china investment corp would take very kindly to something like this. This is just as important as the issues butler and douglas raise and I hope this matter can also be looked into.

http://www.gata.org/node/7586

Thank you for taking the time to read this letter.

Alan Palmer
[redacted]

From: Tony G
To: energyhearingcomments;
Subject: Concerns regarding position limits
Date: Wednesday, August 12, 2009 12:09:06 AM

Dear Sir/ Madam,

I feel it important to urge you to follow through on your queries regarding maximum position limits on futures contracts. The massive disparity that is currently in place within the Silver market, with regard to size of position and numbers of parties on opposing sides of the trade, relative to all other markets, encourages potential for manipulation and anecdotal evidence does nothing to dissuade that thinking. Please consider Ted Butlers comments here http://news.silverseek.com/TedButler/1250014324.php
as well as Adrian Douglas' comments here http://www.gata.org/node/7683

I am emailing as a concerned individual citizen encouraging all actions that can deliver trust back to our market systems.

Regards

Tony Garnham
[redacted]

From: Richard J Greene
To: energyhearingcomments;
Date: Wednesday, August 12, 2009 12:08:13 AM

When this market blows you will be found complicit.

From: drjrtj[redacted]
To: energyhearingcomments;
Subject: Position Limits
Date: Wednesday, August 12, 2009 12:04:39 AM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to
heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

[redacted]

From: Ralph "Buck" DeMarco
To: energyhearingcomments;
Subject: Position limits needed for commercials
Date: Wednesday, August 12, 2009 12:03:27 AM

Dear Commissioners:

It is long past time to reform the position limits in Silver and Gold in the commercial category. Only one or two banks monopolize the commercial short activity in both metals. Massive shorting in after hours markets clearly not designed to make sense for any legitimate commercial activity are hallmarks in these markets, particularly silver where the net commercial position has never been not net short since 1986. As a result, with the commensurate depressed prices the silver mining companies all post losses and the entire industry barely limps along as major silver miners have continued to go bankrupt over the years.

These one or two banks are clearly conducting speculative shorting activity not of a commercial nature. Just looking at the notional amount of derivatives they hold the numbers have skyrocketed while actual legitimate demand has been significantly more sanguine creating a prepostorous snapshot of market player positions. This situation would not exist if the regulators did not turn a blind eye to the out sized position limits held that are far in excess of those in any other commodities markets. The illegitimate and unfair market conditions in silver and gold are clearly observable for anyone with eyes to see.

Sincerely
Ralph DeMarco
[redacted]

From: amarkscpa[redacted]
To: energyhearingcomments;
Subject: CFTC Hearings on Speculative Position Limits in Energy Futures Markets
Date: Wednesday, August 12, 2009 12:01:43 AM

August 11, 2009

Chairman Gensler:

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply.

Like you stated on August 5, 2009, I also believe:

1) "that position limits should be consistently applied across markets for physical commodities of finite supply."
2) "that at the core of promoting market integrity is ensuring markets do not become too concentrated."

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. Further, I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation. The Commission should continue to allow individual investors the opportunity to invest in commodities via Deutsch Bank and Rogers commodity products with tickers such as DBC, DBA, DBB, DBE, RJI, RJA, RJN, RJZ, etc. as long as these positions are reasonable and transparent.

While the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well.

Finally, I am concerned that if the CFTC may over-regulate commodities trading and drive this business overseas. As Jim Rogers noted on August 6, 2009, "U.S. proposals to place curbs on commodities trading will drive business overseas"... "It's going to drive the business away and the rest of the world is going to welcome it with open arms" ... "The end result is going to be Singapore, or Hong Kong, or Shanghai or who-knows-where" will be "quite happy to take that business." The Commission must ensure our USA commodity trading markets remain competitive so that this business stays here.

Thanks for your time and consideration.

A. Marks Powers, CPA

[redacted]

From: Sy Khamkongsay
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 12, 2009 12:00:28 AM

I believe your mission is simple.

To provide a trading environment that closest reflects the natural market value of the commodity being traded. This means the elimination of extreme positions that can cause erratic market fluctuations that have little relevance to supply and demand.

Sy Khamkongsay

From: pighogg[redacted]
To: energyhearingcomments;
Subject: silver please investigate
Date: Tuesday, August 11, 2009 11:59:58 PM

---

please investigate

From: Tim Boyle
To: energyhearingcomments;
Subject: Investigate illegal shorting of gold and silver
Date: Tuesday, August 11, 2009 11:56:51 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Mr Butler and Mr Douglas have said it more eloquently than I can . Please do your jobs and investigate the manipulation of the gold and silver shorting. Let's not let this go on indefinitely..

Thanks for your consideration.

Timothy Boyle
[redacted]

From: Gonzo
To: energyhearingcomments;
Subject: Comex
Date: Tuesday, August 11, 2009 11:53:23 PM

Greetings -

How about enforcing the laws regarding illegal control of Comex, like naked shorts on silver? You could start by imposing position limits; maybe reinstate the up-tick rule? If you don't do something about this criminal behavior, you will be displaying your complicity in the crime.

Sincerely,

Michael Gompert
[redacted]

From: Dennis
To: energyhearingcomments;
Subject: "Energy Hearing Comments"
Date: Tuesday, August 11, 2009 11:51:09 PM

August 11, 2009

CFTC Chairman Gensler,

I have written your organization several times over the past two years and while I received responses, I didn't receive anything substantive. It would be appreciated if we could see the results to date of the gold and silver manipulation investigation your agency undertook a year ago. I would have expected to have seen something by now but it's possible that it was merely a façade as so many things occurring today in government?

In any event, I would suggest that you could save time, taxpayer money, and possibly trips on the incessantly expensive private government jets if you would have your team members contact and work directly with Ted Butler and Adrian Douglas who would be able to assist and direct your attention as to who and how. Their comments and Website contact information are respectively at the sites below.

http://news.silverseek.com/TedButler/1250014324.php

http://www.gata.org/node/7683

Sincerely yours,

Dennis Birch
[redacted]

From: knd
To: energyhearingcomments;
Subject: support of short-side position limits in the gold and silver futures markets.
Date: Tuesday, August 11, 2009 11:47:17 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Kerry Thuren
[redacted]

From: Harvey Lewis
To: energyhearingcomments;
Subject: Silver Shorts
Date: Tuesday, August 11, 2009 11:40:40 PM

The Fed is sneakily buying treasury bonds, the NSA is doing warrantless wiretaps. The CFTC might as well declare there is no problem with the silver shorts. At least it will look like all the agencies are acting according to the same plan.

Harvey Lewis

From: Randy Dong
To: energyhearingcomments;
Subject: CFTC Position Limits
Date: Tuesday, August 11, 2009 11:40:19 PM

Thank you for taking public input on commodity markets and position limits.

I strongly support position limits for both long and short positions. Exceptions should only be granted to those who actually produce or consume the commodity.

I believe there is substantial pure financial speculation without regard for the actual commodity and its finite supply. The position limits should be applied to both long and short positions.

I also strongly support enforcement against naked short sellers. It is unclear to me whether the large short positions in Gold and Silver markets are naked or not. It seems to me that they are either naked short sellers of the commodities or they have the market cornered.

If we do not enforce position limits for both longs and shorts, then Oil markets could also develop large, concentrated short positions similar to Gold and Silver. I don't think that would be fair to smaller market participants.

Thanks for taking my input.

Randy Dong

From: David Orndorff
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 11:40:05 PM

Chairman Gensler,
August 11, 2009

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.

I have excerpted the following passages from your opening statement of August 5th. You said:

"I believe that position limits should be consistently applied across markets for physical commodities of finite supply."

"…, I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated."

"The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity."

According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.

From: Robert Herron
To: energyhearingcomments;
Subject: Market Manipulation
Date: Tuesday, August 11, 2009 11:36:58 PM

If this financial crisis has taught us any thing it is need for more regulation of the investment banking industry . The Goldman Sachses of the world are ruthless and relentless in their pursuit of wealth with no concern for the consequences of their actions and clearly they need regulation by statutory bodies who can not readily be bought off. The ability of the big traders to manipulate futures markets due to inadequate regulation has negative consequences for everyone else including those trying to buy or sell or simply own commodities with or without positions in the futures markets . When Goldman Sachs for example rather than supply and demand controls the price of a commodity even tiny little gold traders like myself lose out to their unfettered greed.

--
Rob Herron
[redacted]

From: Lorelei
To: energyhearingcomments;
Subject: RE: Enforcement of position limits in futures markets
Date: Tuesday, August 11, 2009 11:35:02 PM

To: U.S. Commodity Futures Trading Commission

I totally support the comments sent to the Commission by Ted Butler and GATA board member Adrian Douglas regarding the enforcement of position limits in futures market.

Lorelei Kraft

From: Stuart Joynson
To: energyhearingcomments;
Subject: In support of short side position limits
Date: Tuesday, August 11, 2009 11:34:17 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Stuart Joynson, CMA
[redacted]

From: PardnerInCrime[redacted]
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 11:33:59 PM

Tuesday, August 11, 2009

Gary Gensler, Chairman
U.S. Commodity Futures Trading Commission
3 Lafayette Centre
1155 21st St. N.W.
Washington, D.C. 20581

Dear Chairman Gensler:

I send you the following comments sent by Mr. Adrian Douglas and i parrot what Mr. Douglas has to say als, as i did with Mr. Ted Butler. I agree wholehearted and voice my same comments and concerns by Mr. Double by quoting him verbatim:

"Your hearings on position limits in the commodity futures markets have presupposed that the issue is speculation on the long side. You will not correctly regulate markets if your inquiries and hearings are being conducted from the conclusion you want to make and then work backwards.

The fundamental problem is not with finite resources but with infinite production of dollars. You are turning a blind eye to the manipulation of markets on the short side (and the massive OTC derivatives markets) that is undertaken to mask the uncontrolled creation of fiat dollars backed by nothing.

The price suppression is rampant and is making finite commodities even more finite as it becomes uneconomic to produce them. The paper promises to supply commodities from stocks that do not exist suppresses prices.

The CFTC has been investigating price manipulation in silver and gold for almost a year. The manipulators here will be drawing a pension before you recognize manipulation. Meanwhile the U.S. Senate can apparently recognize long-side manipulation of wheat and even crude oil in a flash.

Why have your hearings focused on how oil rose to $147 per barrel and not equally how it fell to $35 per barrel and how the dollar made a magnificent rise in the middle of a credit crisis, a feat never before achieved?

Federal Reserve Chairman Ben Bernanke testified in response to U.S. Rep. Alan Grayson that the rise in the dollar was a total coincidence even though it occurred even as half a trillion dollars of currency swaps were executed with foreign central banks. Really? And was it an equal coincidence that as a result of the dollar's rising from the dead the entire commodity complex cratered, including the most time-honored safe-haven asset, gold?

Any limits you put on trading must be applied equally to short sellers. But the CFTC's investigation needs to dig into how markets are being manipulated at the behest the U.S. government to maintain dollar hegemony so that imports can be purchased for free and so the United States doesn't have to compete in the global marketplace to manufacture anything anymore except a torrent of greenbacks.

My guess is that you will aid and abet the continuation of this Ponzi scheme because that is so much easier than doing what is right and what you are paid to do as a servant of the American people.

Regards,

Adrian Douglas"

Respectfully submitted by

Donna J. Lemig-Badach

A Voting USA CITIZEN

[redacted]

[redacted]

[redacted]

[redacted] [redacted]

From: timothy hamilton
To: energyhearingcomments;
Subject: Fw: Position Limits
Date: Tuesday, August 11, 2009 11:33:26 PM

TIM HAMILTON
[redacted]

From: timothy hamilton
Sent: Tuesday, August 11, 2009 6:57 PM
To: Ggensler@cftc.gov
Cc: Bchilton@cftc.gov Mdunn@cftc.gov Jsommers@cftc.gov
Subject: Position Limits

Dear Mr. Gensler,

After reading your opening remarks on the CFTC hearing on position limits on energy, I was somewhat encouraged.. As tomorrow is the last day to respond to those hearings, I would like to make the following comments.

As flagrant and disruptive as the exemptions CFTC previously granted have been for oil, the exemptions granted to financial institutions for silver have been worse. First of all, the existing limits for silver relative to annual mine output and trading volume, are substantially larger. Then, to grant the financial institutions exemptions beyond those large position limits is very market disruptive.

According to the US Geological Society the world by 2020 will be in very short supply of silver. It is important that we start immediately to develop fair and open markets for silver that are not manipulated by the large positions held by three or four financial institutions. These positions, as I'm sure you have already noted, are always on the short side.

As I mentioned in my email of July 14th, my background is mostly in production agriculture. A brief study of world history will disclose that ultimately in every society, a coalition of politicians and urban dwellers usually develops to the point it ultimately causes famine. The four or less major financial institutions that have consistently held manipulative short positions in silver, clearly have their own agenda. However, just as with food, their agenda will ultimately cause major shortages of silver in our society.

Your commission has the opportunity and the responsibility to stop this once and for all. Let me thank you and your commission in advance for your thoughtful consideration on this matter.

Sincerely,

TIM HAMILTON
[redacted]

From: Kevin Reel
To: energyhearingcomments;
Subject: Support for enforcing position limits
Date: Tuesday, August 11, 2009 11:30:24 PM

Dear CFTC, I'm writing you to encourage you to support position limits, both short and long, and finally make markets fair for everyone and not just the chosen few. I'm dying to get back into the markets but I won't do it till I'm sure I'm getting a fair shake. The obvious manipulation of the gold and silver markets on the short side and the massive derivatives markets are enough to keep me out until the CFTC restores fairness. Please fix the obvious problems. Thanks for listening---Kevin Reel

From: Herbert Yussim
To: energyhearingcomments;
Subject: American Citizen Comments...Commodity Futures Markets
Date: Tuesday, August 11, 2009 11:29:47 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Herbert Yussim
[redacted]

From: Patrick Gunter
To: energyhearingcomments;
Subject: "Energy Hearing Comments."
Date: Tuesday, August 11, 2009 11:28:25 PM

Chairman Gensler,

I have excerpted the following passages from your opening statement of August 5th. You said:

"I believe that position limits should be consistently applied across markets for physical commodities of finite supply."

"..., I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated."

To that end, I would urge you to limit short contracts in COMEX silver to 1000 or 1500 maximum. The current situation with a few large financial institutions having most of the short positions must end now. The is no other legitimate reason or argument for these large shorts other than market manipulation.

Please do the right thing and end this phony manipulation of the COMEX silver.

Patrick Gunter

From: Kevin J Grogan
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 11:26:55 PM

August 10, 2009

Chairman Gensler,

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.

I have excerpted the following passages from your opening statement of August 5th. You said:

"I believe that position limits should be consistently applied across markets for physical commodities of finite supply."

"..., I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated."

"The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity."

According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.

Sincerely,

Kevin J. Grogan
[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

From: Pardner In Crime
To: energyhearingcomments@cftc.gov
BCC: [redacted]
Sent: 8/11/09 11:21:25 P.M. Eastern Daylight Time
Subj: Energy Hearing Comments

August 10, 2009

Chairman Gensler,

I can only parrot EXACTLY what Mr. Ted Butler asks of you and by quoting him below, i DO ask the same as what he had written:

"Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.

I have excerpted the following passages from your opening statement of August 5th. You said:

"I believe that position limits should be consistently applied across markets for physical commodities of finite supply."

"…, I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated."

“The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity.”

According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal."

I concur with exactly what Mr. Butler has submitted, and i too submit the same ideology to the Commission as he does. I respectfully request that you all consider this request with fresh, open, and honest eyes. The RIGHT thing must be done to correct the inequities at hand in this matter. In the meantime, and as always, May God continue to bless you all as you endeavor to do the right thing regarding these matters.

Respectfully submitted,

Donna Badach

[redacted]

From: Michael Wright
To: energyhearingcomments;
Date: Tuesday, August 11, 2009 11:24:54 PM

Dear Sirs

I wish to express my dismay at the manipulation of the gold and silver markets from the SHORT
side that has been occurring for many years, and that the focus of your enquiry only appears to
be on manipulation on the LONG side of commodities such as oil.

You really need to ask why banks such as
Goldman Sachs and JP Morgan have such massive
and concentrated short positions in gold and silver, markets they really have no reason to be involved
in such a large way i.e. they are neither producers nor consumers of these metals.

Yours sincerely

M. Wright
[redacted]

From: Sally
To: energyhearingcomments;
Subject: position limits
Date: Tuesday, August 11, 2009 11:22:04 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Those of us watching the precious metals markets see it as a problem in both the silver and gold markets.

Thanks for your consideration.

Sally Haviland
[redacted]

From: PardnerInCrime[redacted]
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 11:21:45 PM

August 10, 2009

Chairman Gensler,

I can only parrot EXACTLY what Mr. Ted Butler asks of you and by quoting him below, i DO ask the same as what he had written:

"Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.

I have excerpted the following passages from your opening statement of August 5th. You said:

“I believe that position limits should be consistently applied across markets for physical commodities of finite supply.”

“…, I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated.”

“The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity.”

According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal."

I concur with exactly what Mr. Butler has submitted, and i too submit the same ideology to the Commission as he does. I respectfully request that you all consider this request with fresh, open, and honest eyes. The RIGHT thing must be done to correct the inequities at hand in this matter. In the meantime, and as always, May God continue to bless you all as you endeavor to do the right thing regarding these matters.

Respectfully submitted,

Donna Badach

[redacted]

From:	FRANCIAPAULA[redacted]
To:	energyhearingcomments;
Subject:	Position Limits
Date:	Tuesday, August 11, 2009 11:18:13 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Francia Trainor

[redacted]

[redacted]

From: Chris Henry
To: energyhearingcomments;
Subject: Letter on limit positions (both long and short)
Date: Tuesday, August 11, 2009 11:14:29 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

This institution of limits on both sides will lead to much more balanced prices of commodities, and will end US dollar hegemony and the morons who are behind it.

Thanks for your consideration.

Chris Henry
[redacted]

[redacted]

[redacted]

From: AARON OSBORN
To: energyhearingcomments;
Date: Tuesday, August 11, 2009 11:10:47 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Aaron Osborn

[redacted]

[redacted]

From: James C. Anderson
To: energyhearingcomments;
Subject: Position Limits
Date: Tuesday, August 11, 2009 11:08:36 PM

Serve the interests of ALL investors equally and fairly while considering the specific needs of commodity market being addressed.

James C. Anderson
[redacted]

From: LLCCMAN[redacted]
Sent: Tuesday, August 11, 2009 11:07 PM
To: energyhearingcomments
Subject: Energy Hearings

August 11, 2009

Office of the Secretariat
Commodity Futures Trading Commission
1155 21st St., NW
Washington, DC 20581

Re: Energy Hearing Comments

Dear Chairman Gensler and Commissioners,

My name is Gene Arensberg. I am a private investor and editor of Got Gold Report.

Setting arbitrarily low position limits and removing exemptions on aggregators of common-minded investors, i.e., index funds or exchange traded funds, is a short-sighted fool's errand. All it will do is force such funds to break up into sub-funds across multiple entities which will end up raising the cost for individuals and investors to hedge their exposure to commodity and energy prices.

Focus and position limits should be on individual actors, not aggregators.

Numerous times in the three days of hearings we heard the phrase "excessive speculation." As if excessive speculation is to blame for high energy prices in 2008, which of course it was not, as shown repeatedly in testimony by John Hyland of USCF, Dr. Jarecki of Gresham Investment Management and others.

Not once during the hearings did we ever hear the words "excessive hedging," or "excessive short selling." As if excess or abuse in the futures markets is only possible from the long side. It certainly is 'possible' from either side of the contracts, both in theory and in historical practice.

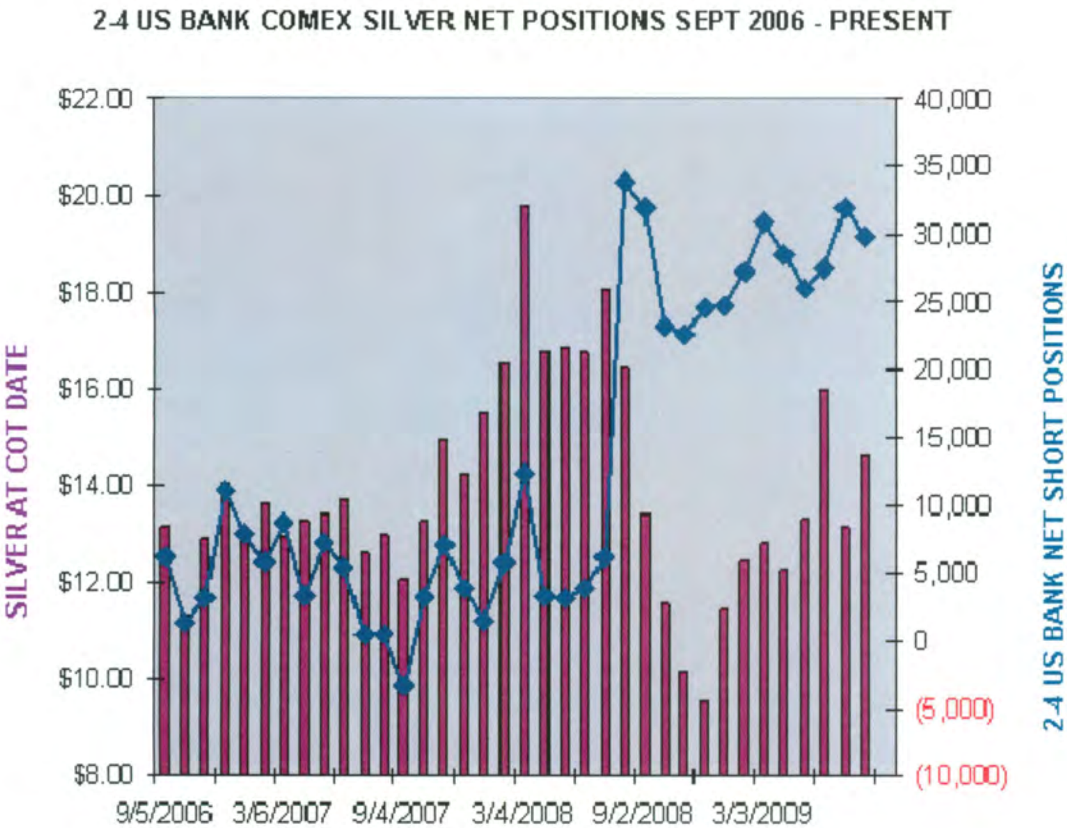
We did, however, hear repeated references to preserving bona fide hedger's exemptions from position limits. As if traders the CFTC classes as hedgers are now and always will be above or beyond abusive trading. As if the motives, means and methods of "hedgers" such as Goldman Sachs, UBS, HSBC or J P Morgan Chase, et al, are now and always will be inviolate. Are they? Will they be?

Commissioner Chilton said that the Commission has the responsibility not only to protect against actual manipulation, but also potential manipulation. With regard to that idea, consider the following facts about the very small silver futures market (small by comparison to the oil market).

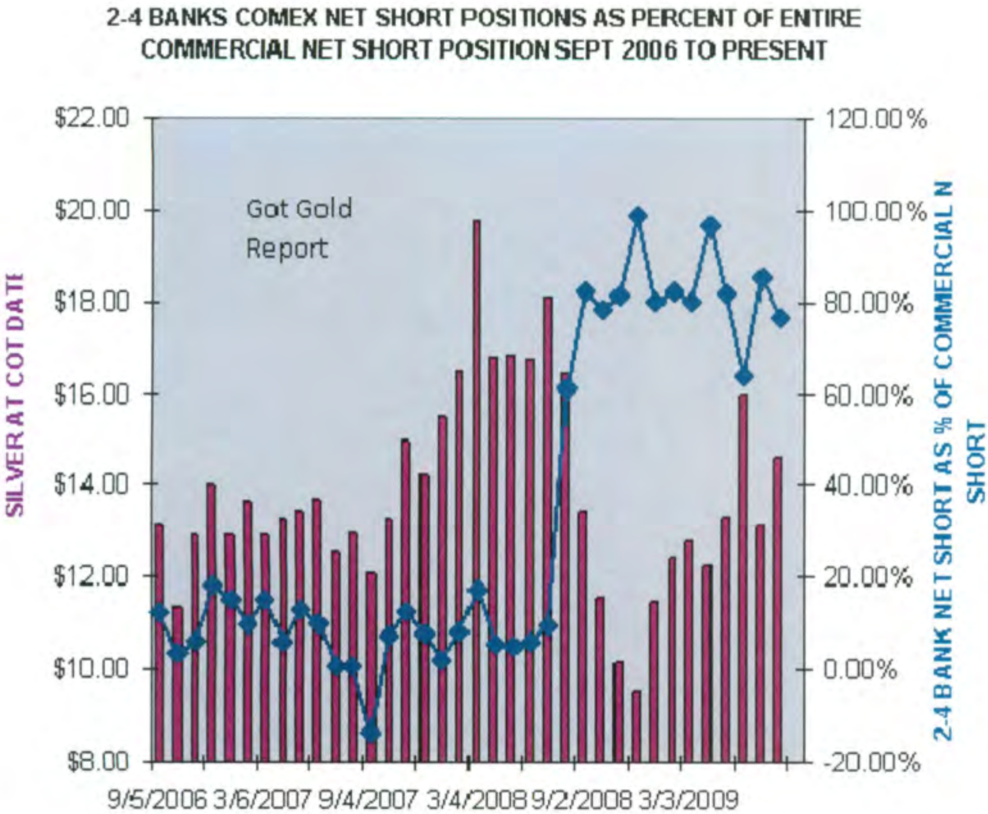
Silver is also a commodity of finite supply and thus within the scope of the hearings. Both Commissioner Chilton and Chairman Gensler mentioned the metals complex as markets which the Commission intends to intervene.

Each month the CFTC publishes its Bank Participation in the Futures and Options Markets Report which shows the positioning of reporting banks in the U.S. futures markets for commodities including gold and silver.

As of August 4, 2009, exactly two U.S. banks reported holding 15 contracts long silver and 29,813 contracts short silver for a total **net short** position of **29,798** COMEX 5,000-ounce contracts -- with the total open interest of 99,477 contracts open and silver closing on the cash market at $14.62. See the graph below.



According to the CFTC Commitments of Traders Report, all commercial traders as a group, ALL OF THEM, held a net short silver futures position of **39,041** contracts as of the same day, so the U.S. banks' percentage of the total commercial net short positioning stood at **76.3%** as shown in the graph below.



Thus, two large U.S. banks represented **76.3%** of all commercial net short positions. Just two "bona fide hedgers" literally dominate the short side of the COMEX silver market.

What is very apparent from the above data is that if, repeat IF, the two U.S. banks wanted to, they certainly could manipulate and/or abuse the very small silver market with the weight of their own trading. By merely continuing to absorb additional buying pressure by means of taking ever larger net short positioning, the market 'could' be manipulated and price discovery thwarted.

This is not to allege that the banks are manipulating the markets, but as Commissioner Chilton observed, the Commission bears a responsibility not only to prevent actual manipulation, but also 'possible manipulation.' Since the two banks are apparently able to put on any size position as hedgers, why should we not believe that they have the potential for abusive trading or excessive short selling?

In summary, a focus purely on one side, the long side, of the market in regard to position limits is anti-competitive, unfair and smacks of attempted price control. Some of us view it as the first step toward the government being able to determine who may participate in the "free" markets. Such a leap of government control is unacceptable.

If the Commission is bound and determined to take over the role of setting position limits and even accountability limits in the energy markets (and other markets of finite supply), and if the Commission intends to set rigid position limits for all traders on the speculative or long side, then those very same position limits should also apply equally, fairly, without exception or exemption, to the actors on the hedging or short side. *Sine qua non*. *"Without which, not."*

The Commission should not, repeat not, remove the exemptions from position limits for qualified funds already granted, such as the funds managed by USCF, which pool thousands of like-minded individual investors wishing to protect themselves from the horrible destruction in the value and purchasing power of the U.S. dollar. The dollar damage caused by decades of fiscal mismanagement by the United States Congress and easy money policies of the U.S. Federal Reserve.

If the CFTC actually does want to insure fair and free markets, then it will not install unreasonably small limits on one side of the market and not the other. We expect that if the Commission does set limits which unduly restrict liquidity, it will result in market flight to less regulated, more opaque markets and considerably less transparency, permanently.

Respectfully,

Gene Arensberg
Got Gold Report

From:	Stephen L. Bobkin
To:	energyhearingcomments;
Subject:	"Energy Hearing Comments"
Date:	Tuesday, August 11, 2009 11:06:56 PM
Attachments:	Butler letter dated August 10, 2009.doc Douglas letter dated August 11, 2009.doc

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php (copy attached as Butler letter dated August 10, 2009)

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683 (copy attached as Douglas letter dated August 11, 2009)

Short-side position limits are as necessary as long-side limits.

Lastly, I want to express my sincere gratitude to all the Commissioners for taking on what I believe to be a thankless job. By that I mean that no matter what decisions you decide, there will be winners and losers on both sides. Those that want to continue with the status quo doing harm to those of us investors without the tools to really compete are fooling themselves that they can continue to do us harm. By us not playing their game they will end up just like those companies that did not move on with the times (e.g. ice box manufacturers who failed to manufacture refrigerators).

On the other hand, you the Commissioners by listening to and implementing the advice given by people like Mr. Butler and Mr. Douglas, give us the small investor a fighting chance to play on a level playing field. Although it may not be palatable to those that are currently manipulating the system, it is the right thing to do if we are to salvage any sense of “fair play”, “honesty” and above all to ensure that “the rule of law” is upheld.

As a foreigner and very close neighbour (A Canadian) I believe that the United States needs to correct some of the ills that have severely damaged itself and by extension the world. The most power document in the world in my mind is “The Constitution of the United States of American”. A document of such importance that by its very existence, created by some of most intellectually brilliant men ever to walk the earth, gave the USA its advantage to be the Greatest Nation on earth to be emulated and copied by all around the world. However, it is my view that it has been usurped by those that would want to shred its very power that allows those that govern the USA to rule. Use that document to justify what is right, for “We the People” not just of the United States but the World, and you will have the peoples of the world behind you in support.

I thank you for your time and for your consideration in this matter.

Yours truly,

Stephen L. Bobkin
[redacted]

[redacted]

[redacted]

“Energy Hearing Comments”

August 10, 2009

Chairman Gensler,

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.

I have excerpted the following passages from your opening statement of August 5th. You said:

“I believe that position limits should be consistently applied across markets for physical commodities of finite supply.”

“…, I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated.”

“The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity.”

According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.

Theodore Butler

Butler Research LLC

“Energy Hearing Comments”

Tuesday, August 11, 2009

Gary Gensler, Chairman
U.S. Commodity Futures Trading Commission
3 Lafayette Centre
1155 21st St. N.W.
Washington, D.C. 20581

Dear Chairman Gensler:

Your hearings on position limits in the commodity futures markets have presupposed that the issue is speculation on the long side. You will not correctly regulate markets if your inquiries and hearings are being conducted from the conclusion you want to make and then work backwards.

The fundamental problem is not with finite resources but with infinite production of dollars. You are turning a blind eye to the manipulation of markets on the short side (and the massive OTC derivatives markets) that is undertaken to mask the uncontrolled creation of fiat dollars backed by nothing.

The price suppression is rampant and is making finite commodities even more finite as it becomes uneconomic to produce them. The paper promises to supply commodities from stocks that do not exist suppresses prices.

The CFTC has been investigating price manipulation in silver and gold for almost a year. The manipulators here will be drawing a pension before you recognize manipulation. Meanwhile the U.S. Senate can apparently recognize long-side manipulation of wheat and even crude oil in a flash.

Why have your hearings focused on how oil rose to $147 per barrel and not equally how it fell to $35 per barrel and how the dollar made a magnificent rise in the middle of a credit crisis, a feat never before achieved?

Federal Reserve Chairman Ben Bernanke testified in response to U.S. Rep. Alan Grayson that the rise in the dollar was a total coincidence even though it occurred even as half a trillion dollars of currency swaps were executed with foreign central banks. Really? And was it an equal coincidence that as a result of the dollar's rising from the dead the entire commodity complex cratered, including the most time-honored safe-haven asset, gold?

Any limits you put on trading must be applied equally to short sellers. But the CFTC's investigation needs to dig into how markets are being manipulated at the behest the U.S. government to maintain dollar hegemony so that imports can be purchased for free and so the United States doesn't have to compete in the global marketplace to manufacture anything anymore except a torrent of greenbacks.

My guess is that you will aid and abet the continuation of this Ponzi scheme because that is so much easier than doing what is right and what you are paid to do as a servant of the American people.

Regards,

Adrian Douglas

From: Mike Staskiewicz
To: energyhearingcomments;
Subject: In support of short-side position limits
Date: Tuesday, August 11, 2009 11:05:37 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Mike Staskiewicz
[redacted]

From:	mike kelly
To:	energyhearingcomments;
Subject:	Energy Hearing Comments
Date:	Tuesday, August 11, 2009 11:04:28 PM

I agree 100% with this letter. The public is losing trust in the regulators. Once trust is lost, it's hard to get it back.

Mike Kelly
[redacted]

August 10, 2009
Chairman Gensler,
Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.
I have excerpted the following passages from your opening statement of August 5th. You said:
"I believe that position limits should be consistently applied across markets for physical commodities of finite supply."
"..., I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated."
"The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity."
According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.
I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.
I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.
Theodore Butler
Butler Research LLC

From: GTL101[redacted]
To: energyhearingcomments;
Subject: (no subject)
Date: Tuesday, August 11, 2009 11:04:27 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Gregory T. Lyons
[redacted]

From: Kevin Thomasson
To: energyhearingcomments;
Subject: I urge you
Date: Tuesday, August 11, 2009 11:02:12 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Kevin Thomasson

[redacted]

[redacted]

[redacted]

From: Ronald Knarr
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 11:01:12 PM

Please give us honesty in the gold and silver markets.!!!!! This should not be too much to ask. Have we, as a country, deteriorated to the point that our government only responds to , what amount to, bribes?
Sincerely,
Ronald Knarr

From: rob robbins
To: energyhearingcomments;
Subject: silver manipulation
Date: Tuesday, August 11, 2009 11:00:21 PM

You need to listen to Butler and Douglas. Their view makes sense in putting an end to the metals manipulation.

Rob Robbins [redacted]

From: rmohr657[redacted]
To: energyhearingcomments;
Subject: Enforcing position limits in the gold and silver futures markets
Date: Tuesday, August 11, 2009 10:58:16 PM

Dear CFTC Commissioners:

I support of support of enforcing position limits in the gold and silver futures markets. I believe that the CFTC should bar manipulation by shorts, not just longs. Short-side position limits are as necessary as long-side limits.

With regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Thanks for your consideration.

ROBERT MOHR
[redacted]

From: John Bisely
To: energyhearingcomments;
Subject: Re: Stock market & manipulation........
Date: Tuesday, August 11, 2009 10:57:23 PM

[redacted]

Re: Stock market & manipulation.

Any limits you put on trading must be applied equally to short sellers. The market is distorted by both
longs and naked shorts in spite of laws. Big concentrations in an institution is an alarm and needs
auditing. A free market has given America its high standard of living and while socialist China heads
toward capitalism, our country is sliding into a socialist state with government controlling our markets.
We reward failure with bailouts, punish success with taxes and try to manipulate every aspect of the
markets and our lives. You have a duty to correct this one aspect, albeit a very very important aspect
of our free markets. Free markets that have been so rewarding to our people.

Respectfully yours,
John C. Bisely

From: wsadlowsky[redacted]
To: energyhearingcomments@cftc.gov.;
Subject: "Energy Hearing Comments."
Date: Tuesday, August 11, 2009 10:53:30 PM

After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.
Position limits have got to be put in place, monopilzation of the silver market is clearly happening right in front of our eyes.
Do the right thing and reign in the abuse that a few very large institutions are getting by with.

From: John Gamble
To: energyhearingcomments;
cc: John S Gamble;
Subject: Short-side position limits
Date: Tuesday, August 11, 2009 10:50:54 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

John S. Gamble
[redacted]

From: Roger Meadmore
To: energyhearingcomments;
Subject: Shorting
Date: Tuesday, August 11, 2009 10:50:24 PM

Dear CFTC Commisioners,
In regar to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:
http://news.silverseek.com/TedButler/1250014324.php

and by commodity market analyst Adrian Douglas here:
http://www.gata.org/node/7683

I have found short position limits as necessary as long-side limits.

Than you for your consideration,

Roger Meadmore,
[redacted]

From: Marg Newbigging
To: energyhearingcomments;
Subject: Watching from Australia
Date: Tuesday, August 11, 2009 10:48:07 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Margaret Newbigging
[redacted]

From: G & L Hevelone
To: energyhearingcomments;
Subject: "Energy Hearing Comments"
Date: Tuesday, August 11, 2009 10:47:12 PM

Chairman Gensler,

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. Your opening comments: “I believe that position limits should be consistently applied across markets for physical commodities of finite supply” and “I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated” are properly focused to ensure that the markets are not manipulated by excessively large and concentrated positions.

There is no commodity of finite supply with such a concentrated short position as silver. This is evident from the CFTC's own COT reports.

Therefore, I strongly support position limits in all commodities with no exemptions for Goldman Sachs, JP Morgan and HSBC and only exemptions for bona fide producers or consumers. Silver obviously needs position limits of no more than 1300-1600 contracts, as no other market comes even close to fitting the profile of a manipulated market (on the short side) than silver.

Thank you for your time and consideration,

Gary Hevelone

From: Jeanmarie Zirger
To: energyhearingcomments;
Subject: Energy Hearing Comment
Date: Tuesday, August 11, 2009 10:46:19 PM

Gentlemen; It appears to me that your approach to position limits in the finite energy markets must first and formost place severe and rarely exemptable limits on the short selling practices that are concentrated in the hands of just a few traders. The silver market is a blatent example of manipulated prices via naked shorts that have skewed the playing field against us.
Sincerely,
Jeanmarie Zirger
[redacted]

From: John Resing
To: energyhearingcomments;
Subject: Regulatory Failure
Date: Tuesday, August 11, 2009 10:46:00 PM

Our nation is in the economic crisis it is because of Federal regulatory failure.

The spot light is now on the CFTC to make sure that the market is not the advantaged play pen of NY insiders. All physical commodities should have position limits based on physical production of the commodity and all rules should apply equally to both buyers and sellers AND BE THE SAME FOR ALL CLASSES OF market participants. No greater position limits. No lesser exchange fees. No grace on settlements. Systems that are engineered to prevent front running instead of the active promotion of front running by the NYSE. A fair market is a neutral meeting place of prospective buyers and sellers.

I hope you do the right thing in all the markets but particularly gold and silver where the CFTC tolerated illegality has been most gross.

If you do not correct the evil practices of the past you will be leading the US to greater economic destruction.

John

John H. Resing, President [redacted]
Milestone Capital
[redacted]

Peter F. Drucker on the future: "No one can predict the future; some can recognize the future that already exists. However, the entrepreneur invents the future."

From: Paul Janos
To: energyhearingcomments;
cc: Bill Murphy; Maria_Cantwell@cantwell.senate.gov; Barbara Graham; cris horbelt; Scott Kemp; justina.guyott@seattle.gov; Justin Hellier; robbie gandy; chancellor roland hohensee; Ben Crockett; kaela hobby-reichstein; Grape; Brian David Orr; James Huston;
Subject: Need for position limits in silver trading
Date: Tuesday, August 11, 2009 10:42:26 PM

CFTC Commissioners:

By permitting two-to-four trading houses to maintain incomparably extreme silver market positions (orders of magnitude larger than in ANY other commodity, and virtually all on the short side), the CFTC has historically colluded to contain the price of this strategic metal and to incidentally support the over-printed dollar. Such actions far exceed the authority of the CFTC. They amount to comicly inept "central planning" of money itself, the most crucial element of a purported free-market system. The CFTC's collusion has clearly served a few banking institutions fronting the bank-owned FED and/or the bank-bribedTreasury (e.g. JPMorgan and HSBC among them), and the financial oligarchies behind them. By its historic collusion in silver market manipulations, the CFTC has long functioned as a virtual economic enemy of the people. Treasury's billion-ounce stockpile of silver was given away.

Obama gave U.S. hope. Chairperson Gensler too gives hope. But talk is cheap. The CFTC needs to act - and quickly - to END the obvious manipulation in silver. Position limits: YES. And comparable to levels for other commodities, not the tale-telling orders of magnitude larger observable today.

Respectfully,
Paul Janos
[redacted]

From: Ben Rolfes
To: energyhearingcomments;
Subject: Enforcement of Position Limits in the Futures Markets
Date: Tuesday, August 11, 2009 10:41:37 PM

Please heed the comments sent to the commission by Butler and GATA board member Adrian Douglas.

Thanks,

Ben

From: rama demmin
To: energyhearingcomments;
Subject: Re: Position limits in the Commodity Futures Markets * urgent!
Date: Tuesday, August 11, 2009 10:40:08 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to **consider seriously** the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.
Thank you for your consideration.

Rama Gordon Demmin

[redacted]

[redacted]

[redacted]

From: Eric Nalven
To: energyhearingcomments;
Subject: Limit Positions
Date: Tuesday, August 11, 2009 10:39:21 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Eric Nalven
[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

From: Marlon Oddo
To: energyhearingcomments;
Subject: Gold and silver position limits
Date: Tuesday, August 11, 2009 10:36:26 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Sincerely,

Marlon Oddo
[redacted]

[redacted]

From: Brett Heath
To: energyhearingcomments;
Subject: Position limits
Date: Tuesday, August 11, 2009 10:35:46 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

--
All the best,

Brett Heath
[redacted]

From: Danny Bruner
To: energyhearingcomments;
Subject: Setting Speculation Limits
Date: Tuesday, August 11, 2009 10:33:43 PM

To whom this may concern: Please do the right thing and impose legitimate speculative position limits. The blantant mimipulation in silver by the size of the shorting by a small handfull of US banks, stands out to us here in Canada.Please Sir,impose fair and real limits,its about time.
Thankyou. Mr.DanBruner
[redacted]

From: Sean Ryan
To: energyhearingcomments;
Subject: Enforcment of Position Limits in the Gold and Silver Futures Markets
Date: Tuesday, August 11, 2009 10:33:13 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration.

Sean Ryan
[redacted]

From: William Higa
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 10:33:09 PM

Dear Commission:

As an ordinary citizen, may I urge you to restore your rightful authority to regulate the commodity markets so that the interest of the entire country is protected from greedy speculators who could cause another financial disaster as we experienced in the housing-mortgage debacle. I understand the main focus of your recent hearings has been on the energy futures markets, and rightly so. However, may I also ask you to examine the markets in other commodities that are at risk for such greed. In particular, I understand that the current position limits and exemptions in the silver market deviate abnormally from those of all other commodities. I would thus guess that these circumstances may be providing the basis for distorting the true and fair price of silver. And, that is not right and not the American way!

As you continue your deliberations in these complex issues, may I also congratulate your recent actions in pursuing violators of CFTC rules. Taking strong enforcement actions are necessary to attach meaning to the rules. Thank you and your staff for doing an outstanding job for our country!

[redacted]William R. Higa

From: GoodGuy25[redacted]
To: energyhearingcomments;
Subject: In support of short-side position limits
Date: Tuesday, August 11, 2009 10:32:01 PM

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Short-side position limits are as necessary as long-side limits.

Thanks for your consideration,
[redacted]

From: jhmosley[redacted]
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 10:28:29 PM

Chairman Gensler,

Thank you for the opportunity to comment on the issue of position limits in energy and other commodities. I believe that proper position limits, with only very limited, legitimate exceptions are key to free and fair markets.

In particular, I am very disturbed by the apparent, significant concentration of shorts in the COMEX silver market as evidenced in the COT weekly reports. I hope and trust that as you review this issue for the energy markets, the intent is to also apply similar principles to other markets; i.e. precious metals. For silver, in particular, the current limit of 6,000 contracts seems way out of line with other commodities. Perhaps a limit of 1,500 contracts would be reasonable.

Thank you for your time and consideration.

Sincerely,

John Mosley

From: victor5555[redacted]
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 10:23:44 PM

Dear Sir:

While it is important to place position limits on the energy complex, it is also important to have limits in the metals markets. In the gold and silver markets, two or three large banks have concentrated short positions that have overwhelmed the market. It's all well and good for JP Morgan Chase or Goldman Sachs to say they have corresponding long positions somewhere else (presumably in an over the counter market) but this serves to prevent price discovery. Mining companies are being driven into bankruptcy so that these large banks can make profits by trading for their own accounts.

When physical demand for gold and silver finally overwhelms the market, and the banks' offsetting derivative instruments are found not to be backed by any bullion, how are you going to explain this?

Regards,
Victor De Grande

From: Donald R. Davis
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 10:18:44 PM

Energy Hearing Comments

I commend the CFTC for these hearings.

I am especially concerned about the silver futures market, because conditions there are worse than in any other market.

1. Please reduce position limits for silver futures, both long and short, to much less than the current 6000 contracts.

2. Please stop granting position-limit exceptions to entities that are not directly involved in the physical silver markets.

Donald R. Davis
[redacted]

From: James Marquart
To: energyhearingcomments;
cc: "James Marquart";
Subject: "Energy Hearing Comments."
Date: Tuesday, August 11, 2009 10:17:10 PM

I wish to strongly encourage the Commission to heed the well documented comments of Ted Butler which verily reflect my views regarding the manipulation of the silver and gold markets.

From:	DARIO RONCONE
To:	energyhearingcomments;
Subject:	Energy Hearing Comments
Date:	Tuesday, August 11, 2009 10:15:36 PM

To the Commission:

This email is being sent to you so I can state my opinion on the speculative position limits in energy futures markets.

I am a very small investor in the stock market and do not participate directly in the futures market. There's a few exchange traded funds (ETF) that allow the very small investor type like myself to participate in either a short or long position in commodities that are otherwise would be beyond the comfort and/or knowledge level of most small investors.

Through the ETFs, I can position my portfolio effectively and cheaply for moves in the energy market and other commodities. There would be no other opportunity for me to do so if it wasn't for the ETFs.

Your commission is considering the limit of energy contracts to control speculation. The limits would only squash the ability of small investors like myself to have a decent avenue to participate in the commodity market. While your commission may believe excessive speculation, please consider the unintended consequences of limiting contracts. ETFs will be harmed and thus, the avenue for small investors to participate, long or short, in energy movements will be shut. Please, do no harm for the small investors like myself. The larger participants in the commodities market have sway and free range. All I'm asking is to leave the small investor with free range via ETFs to play the energy and commodity market. Vote no for imposing limits on energy futures.

Regards,
Dario Roncone
[redacted]

From: Phil Baskett
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 10:11:14 PM

August 11, 2009

Chairman Gensler,

I sincerely appreciate the chance to express my views on position limits. In particular, I believe position limits need to be reduced significantly in silver, and particularly for short positions. My concern is that a very few financial institutions have amasses very outsized short positions, and that the market price is thereby unduly impacted. True commercial producers or users may have legitimate need of exceptions, but surely nobody else.

Thank you for your determination to clean up our financial markets and have a high standard of integrity for them.

Phillip E. Baskett

[redacted]

[redacted]

From: Jody Trantham
To: energyhearingcomments;
Subject: Silver position limits
Date: Tuesday, August 11, 2009 10:09:05 PM

Commissioner,

Thank you for what you are doing with position limits.

I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.

Thank you again!

Jody Trantham
[redacted]

From: Chris Powell
To: energyhearingcomments;
Subject: stop the short-side manipulation too
Date: Tuesday, August 11, 2009 10:05:42 PM

Tuesday, August 11, 2009

Dear CFTC Commissioners:

In regard to position limits in the commodity futures markets, I urge you to heed the comments made by silver market analyst Ted Butler here:

http://news.silverseek.com/TedButler/1250014324.php

And by commodity market analyst Adrian Douglas here:

http://www.gata.org/node/7683

Thanks for your consideration.

cp

--
CHRIS POWELL, Secretary/Treasurer
Gold Anti-Trust Action Committee Inc.
[redacted]

[redacted]

From: Geomantucson532[redacted]
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 9:41:08 PM

August 11, 2009

Dear Chairman Gensler,

I am writing in regards to the position limits in energy and other physical commodities. I would like to comment on one market with that being the silver market. I believe that position limits are necessary in the silver market on COMEX since there is a very large concentration in this market which does not exist in other COMET markets or to the same extent. The concentration in the silver market on the COMEX is by a very limited number of banks which distort the market.

I would urge you to restrict the market to true producers and consumers of the silver metal and to limit to 1500 contracts in COMEX silver to speculative positions.

Thank you,

Michael Schaffner
[redacted]

From: vince desmond
To: energyhearingcomments;
Subject: Ted Butler is absolutly RIGHT..
Date: Tuesday, August 11, 2009 9:34:49 PM

If your commitee does NOT follow Mr. Butlers reccomendations....many many many citizens when be asking for your resignations!!!!!!!!!!!!!!

Please just try to be honest..you work for the people!!!!!!!!!!!!!!!

Please acknowledge reciept of this message. Cheers.... Vince

From: Harry Hvistendahl
To: energyhearingcomments;
Subject: Energy Hearing Comments.
Date: Tuesday, August 11, 2009 9:33:16 PM

From an Australian trader.

Please check the top 1-2 commercial shorts on the Silver COTs.

Either someone is naked short, or they have a bigger hoard than the Hunt brothers.

Regards
Harry Hvistendahl
[redacted]

From: Burt Schapiro
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 9:30:18 PM

Please enter my comments into the public record.

The worst fate that can occur in any market is a default. A failure to deliver the required amount of physical commodities of finite supply can ruin a business, and more importantly confidence in the marketplace. That is why I ask the commission why are longs and shorts not given a level playing field?

Position limits should be applied equally to both. If speculators are permitted to short larger quantities than they can reasonably deliver then that puts the marketplace in danger, and eventually will lead legitimate producers and users to move their business overseas.

In the silver market the limits placed on those holding long cotracts wishing to take delivery represents an unfair regulation that protects shorts without the real goods from a potential default. This protection should vbe eliminated in favor of enforcing position limits based upon a sellers legitimate need to hedge production or documented inventory in approved warehouses.

Thank you,

Burt Schapiro, BC-HIS, ACA
[redacted]

From:	Mick Abraham
To:	energyhearingcomments;
Subject:	Energy Hearing Comments
Date:	Tuesday, August 11, 2009 9:15:12 PM

Dear Chairman Gensler~

Thank you for taking a fresh look at position limits in energy and other physical commodities of finite supply.

Silver plays a role in my business in site based energy equipment. Some of the products I sell may suffer price shocks from an unstable market because other regulators have turned a blind eye to an obvious concentration & manipulation in the Comex silver market.

In order for commodity regulations to promote orderly trade, consistent mathematical formulas should be used for all commodities of finite supply. Allowable levels of concentration should be calculated relative to real production or open interest. In the case of silver, the present limit of 6,000 contracts seems to invite extremes of speculative excess. I ask you to consider a much lower limit--around 1,500 contracts or wherever consistent, even handed math takes you. A consistent regulatory stance across the spectrum of finite commodities is the key.

Any exemption to trading limits should only be allowed for actual producers and consumers of their particular finite commodity. Physical supply/demand realities should inform the futures markets, not the other way around. With silver, the tail has been wagging the dog for too long.

Sincerely,

Mick Abraham, [redacted]

[redacted]

From: str8andsimple
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 8:49:07 PM

Commodity Futures Trading Commission,

I know your time is precious so I'll make my request short and sweet.

Please limit concentrated short positions in the silver futures market.

This will allow the little guy a fighting chance against powerful market manipulators.

Fairness is all I ask.

Thank You!
Very Respectfully,
Joseph Clements

[redacted]

From: wdwexe[redacted]
To: energyhearingcomments;
Subject: Energy hearing comments
Date: Tuesday, August 11, 2009 8:47:58 PM

Please consider the following quote from an article I read as a request from myself.
"The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.
I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.
I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal."
Thank You !

From: rdrews2003[redacted]
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 8:45:10 PM

Dear Chairman Gensler and CFTC personnel,

Thank you for holding such a forum. As a U.S. citizen who is concerned with the integrity of our finanical markets and economy, i view it as imperative that our market dealings function as they were designed to.

Nowhere is this more important as it pertains to commodities.They are the lifeblood of all the "stuff" we humans need. And the energy market affects us all and is vital to the USA's security to be sure.

However, it is this is also true in agriculture and METALS. In particular, the SILVER COMEX.

This vital metal is necessary for our national defense, medical, technological innovation and production, chemical and a host of other uses. We need to make sure that supply and demand is allowed to work to bring about a proper supply of silver at the market driven price. In the last 4 years, the USA government has run COMPLETELY out of silver because for WAY TOO LONG financial interestes in the silver comex have unduly shorted and concentrated to the short side - our silver comex. We need this to end so price and can bring supply and demand back into balance driven by market (not manipulated price) forces - not managed forces by banks who have no vested interest in silver.

The banking entities should NOT be allowed to concentrate to the short side as they are. Ted Butler and others have documented this fact.

I therefore am requesting that you fulfill your duties to uphold, protect and defend the constitution of the USA and all of her laws - and this includes COMMODITIES LAW. Those laws say that no entity should be allowed to concentrate to the degree that banks have in the silver market.

This is NOT good for our nation, the silver market, numerous industries, and investors as well. WE NEED MORE SILVER. Concentratred short positions do not help this situation !!

Please enforce a reasonable 1500 contract limitation - with the only exception being for a VALID USER or PRODUCER of silver. Banking entities have caused enough harm to our nation recently. It is time to rein in their activities and this is nowhere more obvious in the silver market short side as far as commodities go.

With kind regards,

Roger A. Drews

[redacted]

From: Mark and Jeanne Sievers
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 8:40:20 PM

August 11, 2009

Chairman Gensler,

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.

I have excerpted the following passages from your opening statement of August 5th. You said:

"I believe that position limits should be consistently applied across markets for physical commodities of finite supply."

"…, I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated."

"The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity."

According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, **the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity.** After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds

40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. **Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities**.

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. **The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity.** Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, **commodity law requires you to guard against excessive speculation or manipulation on the short side as well**. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.

Thank you so much for your time, and for looking into this important subject. The COMEX is quickly loosing the respect of traders around the world because of the blatant manipulation that is occurring in the silver and gold markets. Please do not let the CFTC's reputation become tarnished anymore. You can turn this around and show the public that there is still a regulator here in the US that will promote market integrity and ensure that markets do not become too concentrated.

Thanks again,

Mark Sievers

From: pocomoco[redacted]
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 8:33:42 PM

Governors of CFTC-

I have been following and investing in gold/silver markets for the past ten years and am in full agreement with Mr. Ted butler. I feel that the price of the precious metals is manipulated-silver severely so. I would like to see silver contract positions limited to between 1,000 and 1,500 and do away with all the phony exemptions.

Sincerly, Robert Pennamacoor

From: Karen Schrock
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 8:29:44 PM

Chairman Gensler,

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.

I have excerpted the following passages from your opening statement of August 5th. You said:

"I believe that position limits should be consistently applied across markets for physical commodities of finite supply."

"..., I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated."

"The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity."

According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.

Thank You

Karen Schrock
[redacted]

[redacted]

From: Don Schrock
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 8:15:20 PM

Chairman Gensler,

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.

I have excerpted the following passages from your opening statement of August 5th. You said:

"I believe that position limits should be consistently applied across markets for physical commodities of finite supply."

"..., I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated."

"The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity."

According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.

Thank You

Donald Schrock
[redacted]

[redacted]

From:	Heinz Lycklama
To:	energyhearingcomments;
Subject:	Energy Hearing Comments
Date:	Tuesday, August 11, 2009 7:51:04 PM

Here are my comments for the Energy Hearing being
held by the CFTC. Thanks for your consideration.

Heinz

Heinz Lycklama
[redacted]

----- Original Message -----

From: Heinz Lycklama

To: Gary Gensler

Cc: Walter Lukken ; Stephen Obie ; Secretary to CFTC ; Roy Lavik ; R Schaeffer ; Natise Stowe ; Michael Dunn ; Jnewsome@nymex.com ; Jill Sommers ; Jamie Dimon ; Dean Payton ; Christine Ryall ; Bart Chilton ; Eric Thorson ; Gary Gensler ; Maria Cantwell ; Rick Larsen ; Patty Murray ; Patty Murray

Sent: Tuesday, August 11, 2009 12:19 PM

Subject: Speculative Position Limits on Gold and Silver

Ted Butler has provided input to you regarding the hearings the CFTC
held on speculative position limits on Silver in his letter to you on August 10th.
http://news.silverseek.com/TedButler/1250014324.php
I fully agree with Ted's comments regarding Silver, but I want to make
sure the CFTC applies the same kind of position limit rules for Gold.
I also want to emphasize that the rules must address excessive speculation
on the SHORT side as well as on the LONG side.

Public confidence in financial markets needs to be restored again.
This requires free and fair markets, NOT manipulated markets.

Thanks for listening.

Heinz

From: Scott Lafferty
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 7:42:09 PM

To whom it may Concern,

Please restore balance and fairness to the COMEX silver futures market by limiting speculative positions! The excessive speculation on the short side has become apparent to all. It is unfair that so few have been able to control the price of Silver. Please do the right thing. We are all counting on you.

Thank You,

Respectfully,

Scott S. Lafferty

[redacted]

From: Bill Buchanan
To: energyhearingcomments@cftc.gov.;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 7:34:53 PM

Chairman Gensler

Thank you for your recent speech on the futures market. I have raised cattle for 53 years and watched the grain market. When one deals with "the finites" you can get a sense of direction. What has mystified me is Gold and Silver at least until this last year. With silver especially I understand the backlog of supply being used up. But when we hit the wall of low supply with present concentrated positions the poop will hit the fan. I hope You and the cftc can keep this from getting ugly. I don't want to make too much money with my present hard currency positon! But remember this is a "strategic metal". Keep me out of trouble.

Yours Truly
Bill Buchanan

[redacted]

From: wdwexe[redacted]
To: energyhearingcomments;
Chilton, Bart;
Subject: silver
Date: Tuesday, August 11, 2009 7:31:41 PM

I have been following the silver market since 2004, and have been puzzled to say the least. I have been following the investigation into silver manipulation as well, and have been even more puzzled.
I am excited to hear about the hearings !

"I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.
I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal."

The above quote from an article I read says how I feel verry well. Thank you for your consideration. By the way, look at the latest comex report regarding silver SHORTS !

From: Edward Forth
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 7:27:10 PM

Sir,

This letter may seem strange coming to you as it does from someone outside the United States of America. It is coming to you from someone who lives in England. A person who for some years has invested in Silver, a precious commodity, as an investment for his retirement. A commodity which for years now has gained hardly a jot and which appears to have been the subject of a sustained and cynically corrosive culture of suppressive manipulation. Since New York, America, is the world host trading platform for this commodity, the rest of the world must conclude that this manipulation has been carried out by the dictat and with the blessing of the Government of the USA.

If ever there was a time for men of honour to step forward and stem the tide of selfishness and human greed, this is the hour.

Yours faithfully,

T. E. Forth

[redacted]

From: Gary Kugler
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 7:11:03 PM

Dear Commissioner Gensler,
For the many reasons that have been amply voiced by Mr. Ted Bulter over the years, I urge you to establish a speculative position limit of no more than 1500 contracts in COMEX silver and restrict any exemption to that limit to the actual producers and consumers of the metal. Hopefully, this will, at long last, bring an end to the obvious manipulation of the COMEX silver market by one or two large banks that have no legitimate reason to be holding such a large concentrated short position.

Thanks for pursuing justice and fairness in this market!

Sincerely,
Gary Kugler
[redacted]

From: Rob McInerney
To: energyhearingcomments;
Subject: "Energy Hearing Comments"
Date: Tuesday, August 11, 2009 6:59:08 PM

Chairman Gensler,

As a silver investor my concerns are with respect to the position limits. Fair market value can be artificially suppressed when position limits are high punishing smaller investors who sometimes make good investment decisions. I would hope that the hearings allow the CFTC to come to a clear and concise conclusion on position limits for the silver market. What happened last September to the gold and silver market was devastating to many, now try to consider these investors (myself included) thought they were doing the right thing to protect themselves.
Angry is an understatement, the markets have been a circus and it's time the powers that are and the powers that be decide to lower the gavel regulate a fair game.

From what I've read that Ted Butler has written, you are the man that will right the ship. Thank you for your efforts and I will be very interested in the results of these meetings.

Thank you,

Rob McInerney

From:	Adrian Douglas
To:	energyhearingcomments;
Subject:	energy hearing comments
Date:	Tuesday, August 11, 2009 6:53:41 PM

Dear Chairman Gensler,

I have written my comments in a published article below. Your hearings have taken the presupposition that the issue in futures markets is speculation on the long side. You will not correctly regulate markets if your inquiries and hearings are being conducted from the conclusion you want to make and then working backwards!

The fundamental problem is not with finite resources but with infinite production of dollars. You are turning a blind eye to the manipulation of markets on the short side (and the massive OTC derivatives markets) that is enacted to mask the promiscuous and out-of-control creation of fiat dollars backed by nothing. The price suppression is rampant and is making finite commodities even more finite as it becomes uneconomic to produce commodities at or below cost. The paper promises to supply commodities from stocks that do not exist suppresses prices. The CFTC has been investigating price manipulation in silver and gold for almost one year. The manipulators will be drawing a pension before you recognize manipulation. Meanwhile the US Senate can apparently recognize long side manipulation of wheat and even crude oil in a flash. Why have your hearings focused on how oil rose to $147/Bbl and not equally how it fell to $35/Bbl and how the dollar made a magnificent rise in the middle of a credit crisis? A feat never before achieved in history. Mr. Bernanke testified in response to questions from Alan Grayson that the rise in the dollar was a total coincidence even though it occurred at the same time as half a trillion dollars of currency swaps were executed with foreign Central banks!? Oh really? And was it an equal coincidence that as a result of the USD rising from the dead that the entire commodity complex cratered, including the most time honored safe haven asset ...gold?

Any limits you put on trading must be applied equally to short sellers. But your real investigation needs to dig into how markets are being manipulated at the behest and on behalf of the US Government to maintain dollar hegemony so that imports can be purchased for free and so the US doesn't have to compete in the global market place to manufacture anything any more except for a torrent of greenbacks.

My guess is that you will aid and abet the continuation of this Ponzi scheme because that is so much easier than doing what is right and what you are paid to do as a servant of the American people.

Regards
Adrian Douglas

http://www.gata.org/node/7631

Adrian Douglas: CFTC conceals the real problem, the infinite dollar

Submitted by cpowell on Wed, 2009-07-29 01:58. Section: Daily Dispatches

By Adrian Douglas
Tuesday, July 28, 2009

Today's hearing by the U.S. Commodity Futures Trading Commission to discuss speculation in futures markets is a sham, a kangaroo court.

Notice that the concern of the CFTC is *only* why oil went up last year. The commission has no concern as to why oil fell so abruptly from $147 down to $35 even though Don Coxe was widely quoted at the time as saying the government had instigated a massive takedown. The commission's focus is on commodities of "finite supply" and preventing speculation.

Until about 10 years ago the world was always living with a glut of commodities, and particularly the most important one, oil. Technology had allowed the production capacity of oil to always grow much faster than demand. This is why OPEC was always trying to impose production quotas, but they had little effect as poor discipline always led to oversupply. In the first half of 2008 the world was struggling to produce enough oil to meet demand. In 2007 we saw a rice shortage and producing countries put restrictions on exports. We saw a shortage in corn as an ill-fated plan to solve the growing energy crisis involved making ethanol from corn.

Shortages in commodities lead to higher prices. The response of the U.S.-aligned crony capitalists over the last decade was to foster a derivatives monster to manipulate prices down even as shortages began. The over-the-counter derivative market grew to $1.4 quadrillion, 20 times bigger than the GDP of the whole world. This gets little discussion in the press.

Derivatives were the mechanism by which the United States and its allies tried to defy the laws of economics and push down the price of things in short supply. It worked for a while but it is now failing. Commodity prices and in particular oil prices are rising rapidly again. There is nothing to say that shortages can't exist in the middle of a recession. In fact it is the hallmark of inflation and hyperinflation. In Zimbabwe there is a shortage of everything.

History shows that when monetary inflation starts to be evident in the prices of real goods, the first thing governments do is impose price controls. Here we have exactly that in a new way. The CFTC is trying to find a way to disadvantage those on the buy side of commodities of "finite supply." In effect the commission is trying to control prices in the guise of preventing excessive speculation.

The very term "finite supply" means there is a supply crisis in commodities. If these commodities were in abundance, the free market would deal with speculators automatically, because as they drive the price up, the producers produce more and the price comes down and the speculators lose their shirts. What the government would likes to happen is that, as the speculators drive up prices, instead of the producers producing more, the anti-commodity cartel produces more paper promises of more production so that speculators lose their shirts. When the buyers are not speculators but buyers who want delivery, the game ends.

The implication of the CFTC's hearings is that this is the end of the game and the start of a super-bull market in commodities. The problem is not speculators. The problem is the commodity of *infinite* supply -- the U.S. dollar. Trillions are being created and are chasing commodities of finite supply. Economics tells us what the result will be with or without the King Canute policies of the CFTC.

Adrian Douglas is editor of the Market Force Analysis letter (http://www.MarketForceAnalysis.com) and a member of GATA's Board of Directors.

From:	Wright
To:	energyhearingcomments;
Subject:	"Energy Hearing Comments"
Date:	Tuesday, August 11, 2009 6:46:02 PM

Dear Sir or Madam:

As Chairman Gensler stated:

"I believe that position limits should be consistently applied across markets for physical commodities of finite supply."

"..., I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated."

"The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity."

In considering the CFTC's own data (recent Commitment of Traders and Bank Participation Reports), the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity.

Ted Butler states: "The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal."

Please consider the above in your upcoming hearing.

Bill Wright
[redacted]

From: Gene Clark
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 6:33:10 PM

Chairman Gensler,The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.

Gene Clark

From: Alvarado, Cristobal
To: energyhearingcomments@cftc.gov.;
cc: [redacted]
Subject: Energy hearing comments
Date: Tuesday, August 11, 2009 6:26:19 PM
Attachments: ATT00001.txt

Mr. Gensler,

I have been following the developments in silver trading closely for several years.

As with most silver investors, I have a tremendous respect for Ted Butler.

His research on this issue is without equal.

I don't believe I could phrase comments any better than he already has, as reproduced below:

Chairman Gensler,

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.

I have excerpted the following passages from your opening statement of August 5th. You said:

"I believe that position limits should be consistently applied across markets for physical commodities of finite supply."

"..., I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated."

"The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity."

According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.

Theodore Butler

Butler Research LLC

Thank you for your diligence in this matter. In the end, it is simply about fairness.

Cristobal G. Alvarado, MD FACS
[redacted]

From: dwight
To: energyhearingcomments;
Subject: energy hearing comments
Date: Tuesday, August 11, 2009 6:16:39 PM

Thanks for an opportunity to comment on these hearings. The only thing I want to bring your attention to is the especially concentrated short positions of large banks in gold and silver, most notably in silver. These do not occur in such drastic form in any other commodity you look at per your own data. I believe this is manipulating the price, and a good solution would be to put lower limits on how many can be held and not give banks or anyone else exception to this. I don't know what is the right number to put on the limits but it needs to be significantly lower. Thanks for listening,

Dwight

From: peter wilson
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 5:52:36 PM

Chairman Gensler,

The Comex silver short position is way larger than any other commodity.

When considering actual production or open interest this would dictate that the Commission should impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

This will ensure that the market does not become too concentrated.

Yours sincerely

Peter Wilson

[redacted]
Explorer 8

From: BOB CHEATLEY
To: energyhearingcomments;
Subject: energy hearing comments
Date: Tuesday, August 11, 2009 5:43:49 PM

Chairman Gensler

We feel very strong about this position and the longterm damage that is being done to the US Government reputation.

We strongly urge you to restrict any exemption from speculation position limit to the bona fide producers or comsumers and not to those engaged in financial trading through aggregation of massive short positions.

Thank you

Bob and Carole Cheatley

From: rob hornr
To: energyhearingcomments;
Subject: silver
Date: Tuesday, August 11, 2009 5:34:03 PM

August 10, 2009
Chairman Gensler,
Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.
I have excerpted the following passages from your opening statement of August 5th. You said:
"I believe that position limits should be consistently applied across markets for physical commodities of finite supply."
"…, I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated."
"The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity."
According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.
The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures. I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to

those engaged in financial trading through aggregation.
I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.
Theodore Butler   (Robert Horner)..investor in silver 8-11-2009

[redacted]

From: ROSS NOGGLE
To: energyhearingcomments;
Subject: STOP THE COMEX SILVER MANIPULATION please
Date: Tuesday, August 11, 2009 5:20:29 PM

August 10, 2009

Chairman Gensler,

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.

I have excerpted the following passages from your opening statement of August 5th. You said:

“I believe that position limits should be consistently applied across markets for physical commodities of finite supply.”

“…, I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated.”

“The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity.”

According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.

PHILIP NOGGLE

[redacted]

From:	David Schlereth
To:	energyhearingcomments;
Subject:	Energy Hearing Comments
Date:	Tuesday, August 11, 2009 5:04:36 PM

Please reduce speculative position limits in COMEX Silver futures to 1000 contracts (long OR short).

Please revoke the exemptions to the limits that have been granted to the one or two (as many as four?) U.S. Banks (JP Morgan and HBSC) that has resulted in the concentrated position of tens of thousands of COMEX Silver futures contracts (short) held by so few institutions and is CLEARLY MANIPULATIVE.

In the future please restrict exemptions to these limits to BONA FIDE producers and consumers of Silver and NOT those engaged in financial trading through aggregation (traders such as JP Morgan and HBSC).

I also believe that the CFTC must take back the responsibility for setting such speculative position limits (and the granting of exemptions to these limits)for commodities of finite supply from the exchanges immediately.

Do these things and you will be heros of the Free Markets and the American people.

Fail to do these things and prepare to be prosecuted as criminals.

Sincerely,
Dr. David Schlereth

[redacted]

From:	Quam, Gary [redacted]
To:	energyhearingcomments;
Subject:	Energy Hearing Comments
Date:	Tuesday, August 11, 2009 4:55:03 PM

To Whom It May Concern,
I applaud you for taking action to limit the speculative on commodities and other raw materials and attempt to limit the ownership of these limited resources to those that either consume or use them in their business or produce them as an end product. As an employee of a major conglomerate like GE, I realize that businesses need to be profitable but also believe that supply and demand should not be influenced by the short sightedness of those trying to "make a quick buck" vs trying to build a business for the long term.

As a father of two older, conservative teen age boys who are Eagle Scouts I always try to emphasize to them that though these times are difficult, the United States has been through worse times including wars and have came through usually a better country. While they will be burdened with the high debt of the federal gov't in the future, we also know we need to support the actions of our executive, legislative, and judicial branches to make the best decisions for our country's future.

Please feel that the whole hearted appreciation of a nation and it's citizens are behind you and commend you for your actions to make our country a better and more stable environment to raise our children and become a strong and powerful country again.

Sincerely,
Gary Quam

Gary W. Quam, C.P.A.
[redacted]

[redacted]

From: hmcintyre2[redacted]
To: energyhearingcomments;
Subject: "Energy Hearing Comments."
Date: Tuesday, August 11, 2009 4:51:12 PM

As a small investor with out access to large sums of money to move markets I would like to see the issue of position limits both on the long and short side investigated. This is especially true in the silver market. How can it not be considered manipulation when the level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

Thank You for Your Consideration.
Harold C. McIntyre

From: Doug Dillon
To: energyhearingcomments;
Subject: Energy Markets Aren"t The Only Markets Where Genuine Price Discovery Is Valuable...
Date: Tuesday, August 11, 2009 4:46:59 PM

Please include position limits on not only energy markets but also the metal markets including gold and silver. Gold and silver are important markets signaling the health of the overall economy and allowing the manipulation of their prices (up or down) causes the misallocation of capital resources across the entire economy. In your limits on both energy markets (and all markets) please make sure that the playing field is kept fair to little players and prevent big players (especially large banks) from forming outsized, manipulative positions either long or short.

Sincerely,

Douglas M Dillon, private investor protecting his retirement savings, [redacted]

From: joseph decrescenzo
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 4:45:48 PM

Chairman Gensler,

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.

I have excerpted the following passages from your opening statement of August 5th. You said:

"I believe that position limits should be consistently applied across markets for physical commodities of finite supply."

"..., I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated."

"The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity."

According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.

Theodore Butler

From: JOHN W ENDERS
To: energyhearingcomments;
Date: Tuesday, August 11, 2009 4:44:16 PM

Dear Chairman Gensler: Thank you for your comments regarding position limits in energy and other commodities of finite supply. I am a supporter of President Obama, and hope that change is in order in the Commodities Futures Trading Commission. I believe that unbridled speculation in energy and metals by very few institutions causes wide swings in prices that cannot be accounted for in a normal unmanipulated market. I hope that these speculators will be policed by your Commission. Thank you, John Enders

From: poetmster[redacted]
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 4:35:53 PM

August 11, 2009

Chairman Gensler,

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market. I have excerpted the following passages from your opening statement of August 5th. You said: “I believe that position limits should be consistently applied across markets for physical commodities of finite supply.”
I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated.”

The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one par ty controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity.
”

According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the c urrent accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.
I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.

Best,

Pete Antico

From: BFRF081488[redacted]
To: energyhearingcomments;
Subject: ENERGY HEARING COMMENTS
Date: Tuesday, August 11, 2009 4:32:38 PM

The country is in BIG TROUBLE, have the Courage to do the right thing. Everyone knows the manipulation in gas, gold and silver PLEASE. What is your purpose? Please make a differance! we need to get back to sound markets. Concerned PATRIOT, Brian R. Ferris

---

From: Suarez Morales, Raquel
To: secretary;
cc: Juzenas, Eric; Holifield, Robert; Gizzarelli, Jason; Ritter, Elizabeth L.; Morton, Andrew S; Blase, Marcia K.; Chambliss, Bo; Dow, De"Ana; Klein Gray, Anne; Wolpert, Alison;
Subject: CME Group Responses to Written Questions from Commissioner Dunn- For 7/28 Hearing Record
Date: Tuesday, August 11, 2009 4:25:40 PM
Attachments: DUNNQ&A.doc

Please find attached CME Group's written responses to questions asked by Commissioner Dunn during the July 28 hearing, at which CME Group's CEO Craig Donohue testified.

Thank you

Raquel

Raquel Suarez
CME Group
A CME/Chicago Board of Trade/NYMEX Company
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T 202-638-3838
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CME Group
A CME/Chicago Board of Trade/NYMEX Company

VIA EMAIL

TO: Secretary of the Commission
Commodity Futures Trading Commission

CC: Chairman Gensler
Commissioner Chilton
Commissioner Dunn
Commissioner Sommers

FROM: CME Group

DATE: August 11, 2009

SUBJECT: Responses to Written Questions from Commissioner Dunn- For the July 28 Hearing Record

1. How many full time staff do you have on your surveillance staff?

CME Group's Market Regulation department includes 93 full-time employees in Chicago and an additional 36 full-time employees in New York. Additionally, Market Regulation has recently increased its 2009 budget and is adding 7 additional full-time employees in Chicago and 2 additional full-time employees in New York, which will bring the total Market Regulation staffing to 138.

Of the current 129 employees, 37 are in the Market Surveillance area and 3 of the 9 additional positions currently being recruited will be in the Market Surveillance area. The other functional areas of Market Regulation include Investigations & Trade Practice Surveillance, Enforcement, Regulatory Systems and Data Quality Assurance.

2. What is the annual budget of your surveillance program?

The 2009 budget for CME Group's Market Regulation Department is $19.5 million, not including the approved staff increase described above. Although the budget is not broken out by functional area, the approximate percentage apportioned to the Market Surveillance group is 29% or $5.6 million.

In addition to the direct Market Regulation budget, approximately $5-$6 million is budgeted from the Information Technology division to support the development and maintenance of the technology and applications which support Market Regulation's surveillance activities. Additional resources in the Research, Products & Services and Legal departments also support Market Regulation's functions as necessary.

20 South Wacker Drive Chicago, Illinois 60606 T 312 930 1000 F 312 466 4410 cmegroup.com

3. **How were/are position limits and accountability levels set in all, single and spot months?**

NYMEX Energy and Metals: In energy & metals contracts position limits are established in compliance with guidance applicable to Designated Contract Markets ("DCM's) set forth in Part 38 related to Core Principal 5 of section 5(d) of the Act: *Position Limits or Accountability.* Specifically spot or expiration limits are set at no greater than 25% of the deliverable supply for all physically delivered contracts. Further, with regard to financially settled contracts, NYMEX, with a few exceptions discussed with the CFTC in advance of implementation, also sets spot or expiration limits using the same formula. All new contracts listed for trading are self-certified with the CFTC and details related to the underlying physical or related market are supplied to substantiate the Exchange's recommended limits. In many instances NYMEX sets the spot or expiration limits at more conservative levels than reflected in the core principles guidance.

With regard to single-month and all-months-combined accountability levels, energy and metals contracts are generally set at 4-5 times the spot or expiration limit for the single-month level and 7 times the spot or expiration limit for the all-months-combined level. These ratios are designed to yield very conservative accountability levels relative to open interest and we have found that utilizing these conservative ratios has been effective as a market monitoring tool.

CBOT/CME Commodity Products: CBOT and CME agricultural products operate under a position limit regime. In the CBOT enumerated products (Corn, Wheat, Soybeans, Soybean Oil, Soybean Meal and Oats), the limits are established by the CFTC pursuant to Regulation 150.2 and include spot-month, single-month and all-months-combined limits.

Other than in the enumerated products, to which federal limits apply, limits for all other CME Group commodity products are established by the exchange and include spot-month and single-month limits for all products, as well as all-months-combined limits in certain products. The exchange-set speculative position limits have been established in accordance with the Core Principle guidance for designated contract markets that reference the CFTC's Part 150 regulations. As open interest changes, periodic adjustments to the speculative position limits have been made in accordance with the formulas described in the Part 150 regulations.

4. **Are position limits and accountability levels reviewed periodically to determine their adequacy/efficacy?**

NYMEX Energy and Metals: With regard to energy and metals contracts, NYMEX Market Surveillance and Research staffs maintain an active dialogue with the industry, including facility operators as well as market participants. Through this process NYMEX is intimately aware of physical capacities and general market structures which enable us to ensure that the position limits and position accountability levels are appropriate and support effective oversight of these markets. NYMEX also maintains an active dialogue with CFTC Division of Market Oversight with regard to significant structural changes in our markets. To the extent that changes are necessary, NYMEX makes such changes in consultation with DMO. An example of this was highlighted in the CFTC's Rule Enforcement Review of NYMEX Market Surveillance dated May 19, 2008.

Specifics of the NYMEX effort in monitoring the changes occurring in the unleaded gasoline market, which ultimately resulted in removal of all hedge exemptions, reductions in the spot limit, the delisting of this contract and the move to RBOB Gasoline Blend stock, are detailed on pages 25-27 of such report. The CFTC report noted NYMEX's careful handling of this situation.

CME/CBOT Commodity Products: As noted, position limits in the enumerated CBOT products are established by the CFTC pursuant to Regulation 150.2. CBOT's limits are the same as the federal limits. These limits were last increased in 2005. In 2007, the CFTC put out a proposed rulemaking that would have increased the limits, consistent with its Part 150 formula, but subsequently withdrew the proposal.

For products with exchange-set limits, the speculative position limits are reviewed by the Exchange, generally on an annual basis, utilizing the formula in CFTC's Part 150 Regulations, and adjustments are made if appropriate. With few exceptions, recent changes to speculative limits have generally been changes to the single-month and all-months-combined limits rather than to spot month limits.

5. How are position limits and accountability levels monitored?

NYMEX Energy and Metals & CME/CBOT Commodity Products: Market Surveillance staff conducts daily monitoring of position limits and accountability levels early each morning through the collection and review of Large Trader Data. Market Surveillance staff review exception reports which identify positions of participants in all its markets above accountability levels or position limits. Staff maintains procedures for identification of positions in excess of position limits and accountability levels and takes action where appropriate under its rules.

6. How often are position limits and accountability levels exceeded?

NYMEX Energy and Metals: The Exchange has maintained very conservative accountability levels as a technique to obtain an early alert within our Large Trader System. For example, the Natural Gas single-month accountability level is 6,000 contracts which is 6% of the current open interest in the most active contract month on a futures-only basis and 3.7% of the current open interest on a futures-equivalent basis. The low accountability threshold alerts the compliance staff to enhance its review of a customer's position and prompts action prior to a situation becoming problematic.

The staff considers position concentrations relative to open interest in implementing its accountability regime after contract months reach a threshold level of open interest, thereby supporting the establishment of market-making and trading in less liquid months. The specific application of concentration considerations in the context of accountability depends on various indicia including: specific market conditions (strong, prolonged demand, system problems unique to the contract's delivery area…lack of deliverable supply etc.) as well as basic knowledge of the related positions and financial stability of the market participant.

Additionally, in recent years NYMEX reduced the any one month accountability level for all its core energy and metals contracts and also structured accountability levels to focus on a futures-only basis in addition to a futures-equivalent basis to enhance its regulatory authority.

Based upon this conservative approach to accountability, is not unusual for these levels to be exceeded. The following excerpt from the CFTC's May 19, 2008 Rule Enforcement Review of the NYMEX Market Surveillance program addresses positions in excess of accountability levels:

p. 34 Holding a position that exceeds a position accountability level is a normal occurrence and not in itself a rule violation. However, Exchange rules give the Compliance Department authority to direct a participant to limit or reduce any position where the Exchange determines this to be necessary, and a participant's refusal to comply with such a directive would be a rule violation.

Position limit violations are handled pursuant to NYMEX rules. In the case where there is no underlying physical or swap exposure to act as the basis for an exemption, a position in excess of the limit would be a rule violation. Sanctions for such violations range from a warning letter for a first non-egregious offense to an automatic fine for subsequent violations. All egregious violations would be referred to an exchange disciplinary panel.

For the period June 2008 to present there were 46 overages across all NYMEX Energy and metals markets resulting in the issuance of 33 warning letters, 4 fines and 9 open matters that are currently under review.

CME/CBOT Commodity Products: There have been 25 speculative limit violations in 2009, resulting in 16 warning letters, 4 fines, 1 suspension and 5 open matters that are currently under review. The procedures for handling such violations are consistent with those described above for NYMEX.

7. When exceeded, how much are they generally exceeded by and for how long?

NYMEX Energy and Metals: Position accountability thresholds are not limits and as explained above are set at very conservative levels. Consequently, if the position poses no threat to the integrity or orderliness of the market, such position can be in excess of the accountability levels for an extended period of time without there being a regulatory or market integrity concern. When exceeded, position limits have been exceeded by 2 - 569 contracts, with an average of 122 thus far in 2009.

CME/CBOT Commodity Products: When exceeded, position limits have been exceeded by 1 – 1,731 contracts, with an average of 287 contracts (median 166). Further, position limits are typically exceeded for one day, although on occasion the limits have been exceeded for 2 days, generally because of the firm's inability to communicate with its client.

8. What internal process occurs at the exchange when position limits or accountability levels are exceeded?

NYMEX Energy and Metals: Position limit violations are identified the morning after such position was assumed. Exchange staff quickly identifies if there is any basis for any type of exemption, and where there is not, the position is typically reduced by the close of business that day.

NYMEX also maintains a program to address positions that exceed accountability levels. Of particular note is a weekly program which is a complement to the broad daily review of large trader data and market fundamentals which analysts conduct on a daily basis. This complementary program is focused around the core NYMEX/COMEX products as well as some of the large "Clearport" product offerings. Each Friday for these products, analysts enter into a permanent log the details of positions in excess of the accountability levels along with the recommended action. The senior team within Market Surveillance then reviews these logs and determines what actions will be taken. Additional log entries are made and records maintained for all related actions.

CME/CBOT Commodity Products: Upon identifying position limits that have been exceeded, Market Surveillance staff immediately contacts the clearing firm(s) involved and confirms that the positions reported to the exchange are accurate. Staff then advises the clearing firm of the position limit violation and directs them to bring their position into compliance with exchange rules. Staff will follow up with the clearing firm and market participant by sending an email summarizing the conversation. The email will recap the position limit violation and demand compliance. Subsequently, a formal inquiry is opened and appropriate action is taken based upon the findings of the inquiry.

9. How often are traders ordered to liquidate positions to comply with position limits or accountability levels?

NYMEX Energy and Metals: Market participants are always ordered to liquidate positions in excess of position limits if no acceptable physical or swap exposure exists as the basis for an exemption. During the period June 2008 through mid-July 2009, NYMEX took formal action related to positions in excess of the accountability levels on 22 occasions across all NYMEX/COMEX markets.

CME/CBOT Commodity Products: Speculative traders and their respective clearing firm(s) are directed to bring their position in compliance in every instance staff identifies a position limit violation. Market Surveillance issues both verbal and written directives to bring the position into compliance with exchange rules.

10 & 11. How soon after position limits or accountability levels are exceeded is the Commission notified? When the Commission is notified, what procedures do you have in place for your interaction with the Commission?

NYMEX Energy and Metals: While there is no formal requirement regarding notice to the Commission related to violations of position limits or accountability levels, NYMEX maintains an active dialogue with DMO staff. NYMEX Market Surveillance Staff routinely discuss market conditions with DMO staff who are also reviewing comparable large trader data related to NYMEX markets. During the course of these discussions it would be commonplace for NYMEX to highlight any interesting overage to DMO. Additionally, if there were a position that NYMEX felt was threatening to the market on a large scale basis it would raise this matter to the attention of DMO and possibly other divisions within the Commission.

CME/CBOT Commodity Products: The Commission's DMO staff, in addition to the exchange, monitors for speculative position limit violations. On the day that the violation is detected the exchange and DMO communicate with each other to confirm the findings regarding the apparent position limit violation. The Market Surveillance staff and DMO staff will review the positions reported to ensure both staffs agree that the market participant has exceeded the limit and by what quantity. For products with federal limits, in addition to any action taken by the exchange with respect to the violation, the Commission staff will, at minimum, issue a warning letter to the market participant and provide Market Surveillance with a copy. For products with exchange-set limits, the Commission staff issues a letter to Market Regulation requesting that the department communicate its handling of the matter to the Commission.

From: Ray Emblau
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 4:08:38 PM

August 10, 2009

Chairman Gensler,

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.

I have excerpted the following passages from your opening statement of August 5th. You said:

"I believe that position limits should be consistently applied across markets for physical commodities of finite supply."

"…, I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated."

"The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity."

According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.

Respectfully,

Ray Emblau

From: Don Adams
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 4:05:23 PM

Dear Chairman Gensler,

Thank you for the opportunity to express my viewpoint on a matter of deep concern regarding the COMEX silver futures market.

Your recent comments lead me to believe that you wish to ensure market integrity with regards to legitimate speculative position limits. Therefore, I respectfully submit to you that the level of current COMEX silver futures (6,000 contracts), on an all months combined basis, is blatantly disproportionate with any other commodity.

It is unreasonable that the Commission would not impose a speculative position limit of no more than 1500 contracts in COMEX silver futures as it does with other commodity trading.

What's more, your desire to enforce position limits to guard against excessive speculation on the long side does not excuse the Commission from guarding against excessive speculation or manipulation on the short side as well.

The short side of COMEX silver has been manipulated by power brokers for far too long. Hopefully, your tenure will bring with it an end to dishonest activity that has been flagrantly endorsed by those in previous authority. They have done this by turning a blind eye to your own in-house statistical proof.

In this age of overwhelming distrust of government officials, you would indeed be a breath of fresh air and show the worth of your new appointment by bringing to an end such massive and illegal speculation.

Sincerely,

Don Adams

From: richard wismer
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 3:57:09 PM

Thank you for the opportunity to comment. I definitely think there should position limits on all finite commodities in order to reduce manipulation. I started trading commodities in the 70s and watched the Hunt Bros. fiasco and other problems. Many of the problems would have been been eliminated with position limits and strict enforcements. Thanks for listening. Richard Wismer [redacted]

From: Steve Cooke
To: energyhearingcomments;
Subject: Energy hearing comments
Date: Tuesday, August 11, 2009 3:51:29 PM

Dear Commissioner Gensler, Please remember us small players and stop the manipulation in the Comex silver market by limiting position limits to at least 1500 and stopping the phony exemptions given the big shorters in silver. In this day and age it would be refreshing to see someone do the right thing. Thanks for your attention, Steve Cooke

From: Sigmund Latarski
To: energyhearingcomments@cftc.gov.;
cc: Sigmund Latarski;
Subject: CFTC hearings
Date: Tuesday, August 11, 2009 3:46:26 PM

With all the information being divulged concerning market manipulation, is it any wonder that the public is withdrawing from investing in the markets, both equities and commodities. We now learn that the precious metals markets are being manipulated by and for the banking sector.

The government agencies refused to admit Excessive Naked Short Selling in equities, which ruined numerous start up businesses, only to later admitting to NSS because the common public who lost funds due NSS driving down stock prices refused to not be heard.

The same is happening with precious metals. Our government is ruining America's once coveted living standard, due to market manipulation and the question is why?

We have found out that the markets have been long rigged for the big money folks and the little guy be damed. Those involved should all rot in hell for ruining my country.

Do you have the courage to correct the current precious metals manipulation immediately?

S.J. Latarski
[redacted]

From: Christian Bachofen
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 3:31:12 PM

Cher Monsieur,

Ci-après vous trouverez une copie de la lettre que vous avez reçue de Monsieur Theodore Butler.

J'approuve et je soutiens cette demande.

Christian Bachofen
[redacted]

August 10, 2009

Chairman Gensler,

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.

I have excerpted the following passages from your opening statement of August 5th. You said:

"I believe that position limits should be consistently applied across markets for physical commodities of finite supply."

"..., I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated."

"The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity."

According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

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Theodore Butler

From: daniel anderson
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 3:25:25 PM

Dear Sir,

There has been discussion on position limits as pertains to the commodities markets. I have written the CFTC over the years about the lack of position limits and the manipulative effects that they have on silver specifically. I have recently written the members of the House Agriculture Committee's Subcommittee on General Farm Commodities and Risk Management which is responsible for risk management of the commodity exchanges. The letter was faxed to the following representatives: The Hon. Collin Peterson, Leonard Boswell, Jerry Moran, Frank Lucas and the other dozen or so members of the subcommitee. Herein is the letter stating my position on the topic:

Dear Representative and member of the House Committee on Agriculture ,

The silver price manipulation has been going on for years. This has not only compromised people who have legitimately invested in this precious metal, but also has created a false impression that silver is in abundance, thereby masking a potentially dangerous domestic strategic problem. As you know, we no longer have a strategic stockpile of US silver. Unlike the US strategic oil supply, if there is an emergency created by supply disruption vis a vis geopolitical or natural events our national security could be gravely threatened. Silver has vast applications in the defense, aerospace, industrial, and medical fields. The subsequent rise in the price of silver, after years of being surreptitiously held below true market prices, would create disruptions not only for entities in these sectors of the economy but also for financial markets and the institutions that participate in them. The financial entites I am referring to are the commodity exchanges, and specifically, the Comex, now part of the Chicago Mercantile Exchange.

According to recent Commitment of Traders reports published by the CFTC, the June 2 2009 report shows two US banks with a short position equal to 26.2% of the total short position reported by the Comex. Past short positions by these two banks have been even larger. This is in stark contrast to the twelve non-US banks holding a short position of just 3.8% of the short position reported by the Comex. The short concentration of silver by a few large entities is also obviously a red flag (Eight or less traders: net 53.9%. Four or less traders net 47.2%) . These numbers alone highlighting the short concentration level is the very definition of manipulation. Commercial hedging by the mining industry is decreasing, yet the short positions reported by the Comex are increasing.

Repeated attempts by various groups of concerned citizens, small investors and taxpayers to enlighten the CFTC to this problem have resulted in investigations that have supposedly shown no evidence of manipulation. But, as I have stated above, the short concentration of the eight or less traders and the four or less traders in and of itself is the very essence of manipulation. How can this group of traders be continually short that much silver over a decade or so, with declining mine production, without ever covering their position? The answer is they cannot cover their position without causing the price of silver to skyrocket. They therefore have to keep the price of silver artificially low through price manipulation of the paper silver market on the Comex exchange, so as to protect themselves from financial ruin in the long run, and in the short run, creating trading opportunities to fleece the public.

Recently, you passed HR 977,the Derivatives Markets Transparency and Accountability Act of 2009. Where is the transparency? Who are the two banks with the huge short positions? Who are the eight traders with the huge short positions? Has the Comex been audited to ensure they have the metal to deliver if the large shorts are called upon to make delivery? Or are we once again witnessing the groundwork for a massive meltdown of a financial entity, this time a commodity exchange, the Chicago Mercantile Exchange, due to poor oversight. A failure or default on the Chicago Mercantile Exchange(CME) would have dire consequences not just for the metals markets, but also the agricultural markets, as a lack of confidence in one market or exchange would inevitably lead to panic and mistrust in others. As a member of the Subcommittee on General Farm Commodities and Risk Management, including risk management of commodity exchanges, you have the obligation to see that this does not occur. The small investor/ American taxpayer has had enough of congressional hearings and contrived congressional outrage after the fact. As a small investor/ American taxpayer, and a person who transacts business regularly on the

CME, the NYMEX, and the COMEX, I would like to see some real transparency and finally some real legal enforcement of commodity law and if deemed appropriate, the prosecution of those involved in any unlawful acts in regard to the Comex and other commodity exchanges. I am very interested in your views on this most important matter. I have enclosed my email, fax and address, and would kindly appreciate a reply. Thank you.

Sincerely,

Daniel P.

Anderson

Warwick,

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

From: Larry DelBane
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 3:18:26 PM

Dear Chairman Gensler,

I have been following Ted Butler and his comments for years about the silver "shorts" and believe he has correctly identified a serious issue that you and your group are clearly in a position to address.

Many of us are proud that you are now willing to address this issue.

Thank you for listening.

Regards,
Larry DelBane

From: Jason McGinnis
To: energyhearingcomments;
Subject: Comments Regarding CFTC Hearings on Speculative Position Limits in Energy Futures Markets
Date: Tuesday, August 11, 2009 2:59:58 PM

August 11, 2009

Chairman Gensler,

Thank you for the opportunity to comment on the issue of position limits in energy and other physical commodities of finite supply. The hearings you conducted were of great public service. I will confine my comments to one market – the COMEX silver futures market.

I have excerpted the following passages from your opening statement of August 5th. You said:

“I believe that position limits should be consistently applied across markets for physical commodities of finite supply.”

“…, I believe that at the core of promoting market integrity is ensuring markets do not become too concentrated.”

“The very important question becomes: how much concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather than having one party that has so much concentration so as to decrease liquidity.”

According to data contained in the most recent Commitment of Traders and Bank Participation Reports, both for positions held as of August 4, the level of concentration on the short side of COMEX silver futures would appear to meet or exceed the level you imply threatens market integrity and liquidity. After published non-commercial and imputed commercial spreads are removed, the net short position of one or two US banks exceeds 40% of the total net futures open interest. That same calculation indicates the net short position of the four largest traders exceeds 66% of total net open interest. Such levels of concentration do not exist, either on the long or short side, in any other market for physical commodities.

The only effective means of ensuring market integrity and enhancing liquidity is for the Commission to impose legitimate speculative position limits. This will increase the number of traders on the short side of COMEX silver, as you stated. The level of the current accountability limit of COMEX silver futures (6,000 contracts), on an all months combined basis, is way out of line with any other commodity. Any reasonable method of applying position limits consistently across all commodities of finite supply, whether in relation to actual production or as a percent of total open interest, would dictate that the Commission impose a speculative position limit of no more than 1500 contracts in COMEX silver futures.

I also strongly urge you to restrict any exemption from that speculative position limit to the bona fide producers or consumers of the actual commodity, and not to those engaged in financial trading through aggregation.

I would respectfully remind you that while the thrust of the hearings involved the enforcement of position limits to guard against excessive speculation on the long side, commodity law requires you to guard against excessive speculation or manipulation on the short side as well. No other market comes as close to fitting the profile of a manipulated market than does COMEX silver on the short side. Once again, I urge you change that profile by establishing a speculative position limit of no more than 1500 contracts in COMEX silver and by restricting any exemption to that limit to the actual producers and consumers of the metal.

Respectfully,
Jason McGinnis

[redacted]

From: Bobby C. Sines
To: energyhearingcomments;
Subject: Energy Hearing Comments to Chairman Gensler ***SILVER***
Date: Tuesday, August 11, 2009 2:48:48 PM

August 11, 2009

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Signed,
RCS

From: Jack Lee
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 11, 2009 2:20:38 PM

I strongly support free markets, where neither long or short sellers (or even regulators) can manipulate prices. I believe the CFTC and it's Chairman Gary Gensler is on the
correct path - but keep in mind too much government intervention is **never** a good thing.

What has happened here is that the CFTC in the past, has allowed firms to exceed position limits through exceptions, thus distorting the free market. New Position Limits
must be set, especially in commodies such as silver and oil. Then they must stricly enforced, or else position limits should be eliminated altogether. Whatever way this is done, it must be done in such a way that fraud cannot occur - not on your watch Mr.
Chairman, or the next one.

Sincerely,
Jack Lee

From: rob jackson
To: energyhearingcomments;
Subject: Hearings
Date: Tuesday, August 11, 2009 2:10:08 PM

It is clear that Mr. Gensler understands the matter at hand .

To Mr. Gensler and members of the committee:

Please stand strong against opposition and:

make sure ' position limits are consistently applied across
markets for physical commodities of finite supply ' AND

' promote market integrity by ensuring markets do not become too
concentrated '.

For example , the silver market is dominated by a few players.

Hoping for a fair outcome ,

Rob Jackson

From:	michael.pires[redacted]
To:	energyhearingcomments;
Subject:	Energy Hearing Comments
Date:	Tuesday, August 11, 2009 10:30:27 AM

Greetings. I have read the testimony before the CFTC and would like to submit my comments as a proud, tax paying, American citizen.

I believe that trying to limit speculation in natural gas, specifically, is a mistake. I will not comment on oil because it is a cartel and very different forces drive the prices in that market.

Speculation is a natural part of a free market, which natural gas should be, being that it is not controlled by a cartel. Speculation helps stabilize prices on the the way up and on the way down. I think it also puts top side limits and bottom side limits on prices. I thought the testimony of the CIO of the UNG was spot on. Look at the facts and the statistics and it seems clear that the speculation was the opposite of what prices were doing. It only makes sense... when prices are unrealistically high, speculators take a short position which offsets the rising prices and eventually brings prices back into check. The same goes for when prices are unrealistically low (meaning separated from demand and supply)... speculators help form a bottom by taking long positions, while everyone is running from the market.

I believe that no good can come from further regulation, positions limits, and the like when it comes to natural gas. The facts simply do not support the hypothesis that speculation was what drove prices up. It was supply and demand that caused all of this.

Thank you for your consideration.

Michael Pires

From: Karen Morris
To: secretary;
Subject: Comments on the CFTC Hearing Re Position Limits
Date: Monday, August 10, 2009 8:28:55 PM

COMMENTS ON THE CFTC HEARINGS TO DISCUSS POSITION LIMITS, HEDGE EXEMPTIONS AND TRANSPARENCY FOR ENERGY MARKETS

My career in the financial services industry spans almost 30 years. I am writing as the owner/manager of a fund of hedge funds that actively invests in managers who access the futures markets. During my career I was both an institutional futures broker at Refco and Citibank and later an institutional foreign exchange salesperson at Citibank, Chemical Bank, and Morgan Stanley. I strongly support the CFTC and its current efforts to review position limits and hedge exemptions.

I would like to highlight the August 5th testimony of John D. Arnold, managing partner of Centaurus Advisors. I feel his written testimony raises several important concerns relating to the Natural Gas market. Importantly, his argument could be more broadly applied to many commodity markets.

In short, I think the structure of the current Natural Gas futures and cleared swaps market is a model for the industry. One of the most important points that Mr. Arnold makes about the Natural Gas market is the distinction between the physical commodity futures markets and financially settled instruments. This distinction is critical for the Natural Gas markets and is applicable to many other markets. His argument is vitally important when considering what constitutes a Significant Price Discovery

Contract "SPDC".

The current structure of the Natural Gas market is an accident of circumstance. The failure of Enron created a void from which a robust, mostly exchange cleared market evolved. In the post Enron void, the innovative ICE exchange developed a wide range of financially settled instruments. In consultation with industry participants ICE replicated much of the natural gas OTC market. The NYMEX responded with many of the same products.

That brings us to the current situation which is a robust market mostly listed on competing exchanges. This market structure achieves many CFTC goals and may be a model for other limited supply commodity markets. The failure of Enron drove market participants to the exchange cleared market in order to mitigate counter party risk. This is exactly what the CFTC and most global regulators favor after the failure of Lehman.

Most commodity markets have large financially settled-OTC markets which remain unregulated and opaque. In my opinion the CFTC should follow Mr. Arnold's recommendation to improve the natural gas market through strict limits with no hedge exemptions on physically settled contracts (true SPDC's), at the same time maintaining accountability levels for financial instruments (not SPDC's).

Importantly this market structure could be more broadly applied to the futures industry. With incentives (maintaining tax benefits) combined with reporting requirements the CFTC could encourage/force the migration of the OTC commodity markets to exchange cleared platforms. Swaps dealers could continue to provide all of their services to producers and consumers by using listed financially settled instruments.

In conclusion I strongly urge the CFTC to carefully consider Mr. Arnold's arguments. The current CFTC direction of imposing limits on financially settled instruments (not SPDC's) could destroy the one model market in existence. Along with destroying a vibrant market the CFTC could miss an opportunity to replicate a successful market which achieves many regulatory reforms.

In the interest of full disclosure my fund Morris Global Strategies LP is invested with Centaurus Energy LP. As an investor I gain confidence from the fact that the vast majority of Centaurus' market risk is carried in exchange cleared physically and financially settled instruments. Exchange cleared products remove portfolio valuation issues and provide comfort to investors. I feel strongly that as the industry regulator, the CFTC should be promoting the use of exchange cleared products by all market participants. The idea of limiting the use of exchange products and forcing market participants offshore and into OTC markets seems to be a step backwards.

Best Regards,

Karen Morris

[redacted]

[redacted]

[redacted]

[redacted]

From: fasttedb[redacted]
To: energyhearingcomments;
Subject: Fwd: energy hearing comments
Date: Monday, August 10, 2009 11:37:09 AM

-----Original Message-----
From: [redacted]
To: Energyhearingcomments@cftc.gov
Sent: Mon, Aug 10, 2009 7:56 am
Subject: energy hearing comments

August 10, 2009

Chairman Gensler,

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"The very important question becomes: how much

concentration is too much? At what point of market concentration does a trader detract from liquidity instead of enhance it? I think we would all agree that if one party controls half the market, that party is more likely to lessen liquidity than enhance it. Position limits should enhance liquidity by promoting more market participants rather tha n having one party that has so much concentration so as to decrease liquidity.E2

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Theodore Butler

Butler Research LLC

From: Ramani Stainless
To: energyhearingcomments;
Subject: Energy Hearing Comments.
Date: Saturday, August 08, 2009 10:17:01 AM
Attachments: Comparision.xls

To,
Office of the Secretariat,
Commodity Futures Trading Commission,
1155 21st St.,
NW, Washington, DC
USA

Dear Sir,

RE: Hearing on Energy Position Limits and Hedge Exemptions

Speculation is Universal Problem now, I've made
certain comparisions and tried to find some reason behind this.

More & More People, Businesses, Traders, Investors
becoming Speculators around the world.

Attached is Comparison and some reason which may be the
may cuase of this Universal problem of Speculation in Energy,
Metals and Agri Commodities.

Incase, outsider views are not invited, I'm sorry to disturb
you and this message to be dis-regarded.

Attachment: Comparison (and reason) file.

B rgds
Mukesh Chandan
[redacted]

[redacted]

Money required for Commodity Purchase
Fixed Assest
Job Creation
Value Addition
Transportation
Taxation, Import Duty
Income Tax
Credit Check
Total Investment
Service To Society
Exit Route

In Short, Speculator are in Great Position and most of Real Trader / Mfg / Wholeseller are not at Par with them.
Resulting in, More & More business moving to Speculative Position / Business to earn quick money.

Why - Any Specific Reason ?

The Margin Money / Collateral Amount required by Any Speculator is just 5-10% of The Total Value of there Position on Commodity Exchanges.

Increse in Collateral/Margin Money by Regulators will Bring Parity to Real business and may Bring PRICE's to its real levels.

Delivery Based Long Term Contract should be Allowed with Lower margins, but they are for Delivery and not for Rollover or Cancellation or Re-Sale.

Whenever there is Strikes, Draughts, Accidents or War like situation, Price Trend remains higher, this is Natural and Everybody knows that. Price tend to rise in long run and slowly but Speculators has a great speed and makes movement in the Prices to Too High = Too Low = Too Fast, making problem for Real Businesses.

SPECULATOR	REAL TRADER / MFG / WHOLESELLER
5-10% of Total Value	100% of Total Value
Nil	Investment in Office, Warehouse, Mfg Units.
Nil	Staff, Labours, Transportation
Nil	Warehousing, Packing, Retail Sales
Nil	Required
Nil	Required
Nil if operates from Tax Heavens	Required
Nil	Required
5-10% of Total Commodity	100% of Commodity + Fixed Assest + Others.
Nil	Providing service to Mfg's and value added service
Quickly within Hours/Days	Slow and Steady.

Yes, main problem is here….

For Example:

If Weather Problem / Draughts arises:

If Strike Called in at any Mfg's of Key Raw materials supplier OR any other trouble :

Any trouble in Oil Exporting Country OR If War Like Situation:

End RESULT:

Tools:

A normal household in Real Delivery Term cannot buy Stock over 100-200kgs of Food, for HomeConsumption.
But now the same household is buying 100's multiple time on Exch., Increases price Too quicker before Govt Responds.
Why: no warehousing, Only 5-10% investment and Price trend is sure to be rising.
Easy Exits and Knows that New Arrival is Next Year Only.

A normal mfg's unit will buy only 1-2month Inventory in Real Delivery based term.
Now, they buy for more then they need even in some cases for 1-2years forward.
Why: no warehousing, Only 5-10% investment and Price Trend is sure to be rising.
Easy Exit, No Vat/Taxes, No Transportation.

Everyone around the world would use less and try to save as much as they can.
Now, Every one BUY's on Commodity Exchange to make make super normal profit. (but forget to Save anything !)
Surely Speculators can take this price to Over Usd 150 or Usd 200 p.b, under such condition.
Why:100% confidence that price is going Upside only, Supported by Liquidity, Lower margin/collateral and quick Exits.

Real Businesses are diverting towards Speculation business because of the Obvious reason given above.
Someone must find Ratio of Actual Delivery based Volumes to Speculative Transaction Volume for last 10year.
Higher Ratio of Speculative position to Actual business positions will Creat Bubble Again.
Price Changes Quickly, Too High = Too Low = Too Fast which is not good for any Businesses.
More Default, More Shut Down in Plant, More Job Losses possible.
Money Power wins the game always..

Make Actual Business/Mfg's/Trader = At Par with Speculators.

All Transaction without Actual Delivery Term should be treated as Speculative Transaction.
and Commodity Exch must have Higher Margin (Collateral Deposit) with Regulators,
(like CRR for Banks Deposit) and Higher Income Taxes.

Speculative long position should not have Easy Exit or Rollovers.
Higher the Volume of Positions goes = Higher the % Margin/Collateral.
It can be fixed up based on Value, Assets/Net Worth, Maturity of Position.
e.g

Volume/Maturity/Worth of Position	% of Margin / Collateral
Value of Position 1 million	10%
Value of Position 10 million	20%
Value of Position 100 million	30%.........and so on.
Maturity of Position 1 Month	5%
Maturity of Position 3 Month	10%

Maturity of Position 6 Month	20%
Maturity of Position 12 Month	30%
Maturity of Position 3 Years	50%.........and so on.
10% of Net Worth of Funds	10%
25% of Net Worth of Funds	20%
50% of Net Worth of Funds	30%.........and so on.

Investor = has a long term view, 100% of Money invested. They help to create value.

Speculator = No Lock In, No Firm Commitment, 5-10% Money invested.They create Bubbles.

Investor = Speculator :

Thanking You
Mukesh Chandan
[redacted]

From: Ivar Christensen
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Saturday, August 08, 2009 7:12:39 AM

Please reduce the position limits in silver to between 1000 to 1500
contracts and do away with the phony exemptions granted to a few big
shorts or make transparent the reason why they are short.

Kind regards,
Ivar Christensen

From: secretary
To: energyhearingcomments;
Subject: FW: Shaheen written testimony
Date: Friday, August 07, 2009 1:13:00 PM
Attachments: written testimony CFTC hearings energy position limits aug 7 09.doc

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From: Stawick, David
Sent: Friday, August 07, 2009 1:11 PM
To: Ford, Mildred Y.
Subject: FW: Shaheen written testimony

Please add to energy hearing comment folder. Thanks. DS

From: Riley, John
Sent: Friday, August 07, 2009 12:58 PM
To: Stawick, David
Cc: Leslie, Douglass
Subject: FW: Shaheen written testimony

Hey David. Could you please see that Senator Shaheen's attached testimony is made part of the record for the position limit hearings?

Thanks.

John

From: Reardon, Judy (Shaheen) [redacted]
Sent: Friday, August 07, 2009 10:21 AM
To: Riley, John
Subject: Shaheen written testimony

John, hi. I am attaching brief written testimony from Senator Shaheen.

Saw you at the briefing Tuesday on carbon markets. Wanted to introduce myself but had to leave before it was over.

Thank you for your assistance.

Judy E. Reardon
Counsel
Senator Jeanne Shaheen
520 Hart Senate Office Building
202-224-2841

[redacted]

[redacted]

Testimony of U.S. Senator Jeanne Shaheen
Commodity Futures Trading Commission
Hearings on Energy Position Limits and Hedge Exemptions
August 7, 2009

Let me begin by commending Chairman Gensler for his initiative in addressing the issue of excessive speculation in energy futures markets.

Unreasonable volatility in energy markets has a deep impact in my home state of New Hampshire, where about 55 percent of families heat their homes with heating oil, one of the highest percentages in the country. Because of the cold climate, it is common for people to begin turning up their thermostats in October and not to shut off the heat until eight months later in May.

During the summer of 2008, heating oil dealers in New Hampshire were offering their customers fixed pre-buy prices in the range of $4.70 per gallon for heating oil for the next winter. Frightened by the ever-increasing price for gasoline they were paying at the pumps and Goldman Sachs' widely-reported prediction that the price of crude oil would reach $200 per barrel at some point in the next two years, many families and small businesses locked themselves into paying $4.70 per gallon for their heating oil for the upcoming winter. By October, however, the average price per gallon for heating oil had dropped to under $3.70 and by the middle of December it had dropped to under $2.50 per gallon.

This dramatic change in price over such a short period of time had little to do with the laws of supply and demand. According to data from the Energy Information Administration, the supply and demand for crude oil remained steady over that period of time.

I don't know how much profit large derivatives traders generated from that wild swing in crude oil prices, but I know that New Hampshire homeowners and small businesses paid dearly.

I appreciate the necessary role that speculation plays in providing liquidity and risk management for producers and consumers of energy. However, large speculative positions, even if there is no intent to unlawfully manipulate prices, can cause harmful price distortions. I am confident the CFTC can strike the proper balance between curbing harmful excessive speculation and ensuring that appropriate speculative trading can continue.

It is time that the CFTC use the authority it now has to reign in excessive speculation in energy markets and that Congress grants the CFTC the additional authority it needs to regulate over-the-counter derivatives.

I urge the CFTC to set strong aggregate position limits for all energy commodities across all markets and restrict bona fide hedge exemptions for noncommercial traders.

By taking these actions, the CFTC will ensure that consumers in New Hampshire and across the country will be paying energy rates that reflect fundamental supply and demand, not the fluctuations of large aggregate speculative positions on Wall Street.

I thank you for this opportunity to submit written testimony, and I pledge my efforts in the Senate to provide you with the tools the CFTC needs to ensure that energy futures markets work for producers and consumers.

From: BVM
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Friday, August 07, 2009 10:48:35 AM

Dear CFTC And Mr. Gensler- Please include my comments in the record that the CFTC should be in charge of setting position limits, that those limits should be set in the 1.5%-of-contracts-to-total-open-interest range and that dubious exemptions should be disallowed. I know that the subject hearings have largely dealt with the energy sector but I trust that your reforms will extend to all markets, specifically the silver market where outsized limits have been wreaking havoc for decades. I certainly applaud your efforts and leadership, especially in a world where it is all too easy to become increasingly cynical about the government of my country- the greatest, noblest and most righteous in all of history. Good luck and God bless, Brad Coyer, [redacted]

From: teakoop[redacted]
To: energyhearingcomments;
Subject: speculative posistion limits
Date: Friday, August 07, 2009 12:24:00 AM

THE ENERGY INDUSTRY CANNOT BE TRUSTED, AS ALL HAVE SEEN. YOU MUST INSTITUTE POSITION LIMITS AND POSITION ACCOUNTABILITY LEVELS. THE EXCHANGES ARE ONLY INTERESTED IN HELPING TRADERS. WHAT THE DID TO ENERGY COSTS SHOULD BE CONSIDER ACT OF TERRORISM AGAINST AMERICA. THEY HOLD AMERICANS HOSTAGE FOR **PROFIT .** THEY SHOULD BE TRIED FOR SABOTAGE AGAINST AMERICA THEIR EXECUTIVES SHOULD GO TO JAIL FOR LIES TO CONGRESS

SET POSITION LIMITS FOR ENERGY FUTURES AND PROTECT AMERICA CITIZENS

THOMAS KOOPMAN
[redacted]

From:	Ronny Bennett
To:	energyhearingcomments;
Subject:	Energy Hearing Comments
Date:	Thursday, August 06, 2009 7:41:56 PM

It's with a heavy heart as I read about this commission trying to rein in excessive speculation in the energy market which destroyed my trucking business. This action will be too late as I am in the process of shutting down a company I spent my life building due to the price of fuel in 2007/2008. The previous administration and CFTC told us it was pure supply and demand that was driving oil prices but I knew then as now that was an outright lie whether to protect oil co profits or funds we will never know.

I tried hedging my fuel cost in the heating oil market and was forced out by a 'correction' and lost $20,000.00 in the process,this market is too volatile for a small business.

I have lost everything to these cold blooded speculators and while you cannot help me maybe your actions will prevent someone else from what I've been through.

Thank you very much and I pray you will make the right decision.

Ronny Bennett
[redacted]

From: Tom Adams
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Thursday, August 06, 2009 11:29:18 AM
Attachments: masters.xls

Yesterday, I sent a email on an error in Michael Masters testimony before the Senate Homeland Security Committee on 5/20/08. I am providing more details on the error.

This 5/20/08 testimony was cited in his testimony to the CFTC yesterday.

He miscalculated the change in Chinas demand for the 2003-2007 period. His calculation was too low by a factor of 3. As a result of this he mistakenly believes that in inventory growth for that 5 year period is equal to China's demand change. In fact, China's demand change what 3 times larger.

His error is in Footnote 8. He summed year over year demand change for the five years. He should have summed year over 2002 demand change because this represents the size of China's demand change as if the extra demand had been stored in a inventory. The attached spreadsheet contains the table in Footnote 8 with an extra column calculating the correct "Year over 2002" values.

Please discuss the matter with Michael Masters. I am not sure to what extent his confusion on this matter is coloring his position on the impact of futures trading. I have been able to find no evidence that Masters is aware of his error.

Footnote 8 from Master's 5/20/08 testimony to the Senate Homeland Committee
http://hsgac.senate.gov/public/_files/052008Masters.pdf
Increase in Chinese Demand for Petroleum

	Consumption	Year over year change	Year over 2002 change	
2002	1,883,660,777			
2003	2,036,010,338	152,349,561	152,349,561	
2004	2,349,681,577	313,671,240	466,020,800	
2005	2,452,800,000	103,118,423	569,139,223	
2006	2,654,750,989	201,950,989	771,090,212	
2007	2,803,010,200	148,259,211	919,349,423	
TOTAL CHANGE		919,349,424	2,877,949,219	<- the correct value for the change in Chinese
		^ the erroneous value that Masters calculated		

From: ahittjr11[redacted]
To: energyhearingcomments;
Subject: energy hearing comments
Date: Wednesday, August 05, 2009 7:24:28 PM

I agree with Mr. Graham the price of diesal fuel is ludicrus, and so with the price of gasoline, I refuse to pay these high prices from now on i will take the bus,PLEASE do something this time about the damn speculators and get the price of fuel down to a reasonable level, 1.99 is acceptable in todays markets not 2.55, and all the other speakers you had agree on the same thing inpose limits on all speculation, there should not be any in my opinion.

Stan Hitt [redacted]

From: Felesky, Adam - HBP ETFs
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 05, 2009 4:00:56 PM
Attachments: July 30 followup with CFTC - final letter - August 4 09.pdf

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Per below this was already sent to Robert but have received email error back so as caution sending via this route as well. Thanks. Adam

Adam Felesky
[redacted]

From: Felesky, Adam - HBP ETFs
Sent: Tuesday, August 04, 2009 11:51 AM
To: Holifield, Robert
Subject: Follow-up to Testimony Q&A

Robert –

Thanks again for giving us the opportunity to have our voice heard in last week's hearings.

Please find attached further follow-up to the specific question posed by Chairman Gensler as relates to potential "fractualization".

I would welcome opportunity to discuss further if required.

Regards,

Adam

Adam Felesky
[redacted]

BETAPRO MANAGEMENT INC.

26 Wellington Street East
Suite 920 Toronto, ON M5E 1S2
Tel: 416.933.5745 | Fax: 416.777.5181 | Toll Free: 1.866.641.5739
www.HBPETFs.com | info@betapro.ca

August 4th, 2009

Chairman Gary Gensler
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Dear Mr. Gensler:

<u>Re: Follow-up to July 29th, 2009 Testimony at the CFTC Hearing on the "Application of Position Limits and Exceptions from Positive Limits in Energy Markets"</u>

I want to thank you again for the opportunity to testify before the Commission regarding the potential impact of position limits on the commodities markets and our business. Additionally, I wanted to follow-up with you specifically in regard to your question and comments on the ramifications of what I referred to in my written testimony as "fractualization".

My impression is that you may believe that "fractualization" may in fact be positive for the market as it would result in increased participation by individual investors and dealers thereby reducing concentration risk, improving market efficiencies and reducing the likelihood of excessive speculation or market manipulation.

Although, I generally agree with the basic premise of this perspective, when this theory is extrapolated to the practicality of the exchange trade funds ("ETFs") market and their role in the marketplace as a whole, I believe it would not achieve this result. Before going into my specific case, I would like to take a step back and speak to the dynamics of the exchange traded funds business itself.

As you are aware, ETFs are typically passive index based security products comprising of the aggregate assets of its unitholders. The initial premise of ETFs was to provide a single security which could provide exposure to the entire basket of securities of a specific underlying index in size increments and at costs significantly lower than what individual investors could replicate on their own.

The activity of an ETF as a result of issuing and redeeming securities as they are open-ended, represents the collective daily investment decisions of the individual securityholders who have bought or sold securities of that ETF on the exchange. As an ETF typically has a fixed passive investment objective (i.e. to track an underlying index in a particular way), it is the investment decisions of its individual securityholders, not the ETF, which dictates the impact an ETF may have on a marketplace, if any. As you can appreciate, this is quite different from a typical mutual fund that is actively managed, where a portfolio manager determines what investments to buy or sell on behalf of all the fund's investors. The likelihood of thousand of unitholders in a particular ETF acting in unison (whether buying or selling) is remote.

Indexed based ETFs are really nothing more than a microcosm of an exchange, providing investors cost effective exposure to the underlying index that it is tracking. ETFs are simply facilitators or agents to buyers and sellers for a given index exposure.

From our perspective as an ETF provider, there are two key factors that determine the success of an individual ETF:

(1) is there investor demand for exposure to the specific underlying index?
(2) is there an existing ETF that already provides this exposure to interested investors?

There have been numerous situations where ETFs have been launched by a Manager that saw investor demand for exposure to a particular index and sought to compete and capture assets from an existing ETF by undercutting cost, and failed. This is why, for example, there is not more than a handful of ETFs that track the S&P 500 index compared to the thousands of actively managed mutual funds with the same benchmark.

Why do traditional price dynamics of the marketplace (i.e. lower cost leads to higher demand) not apply? The answer is simple – liquidity. The first mover advantage in the ETF market, I would argue, is as important (or more important), than in any other industry. Investors in ETF's are willing to pay higher fees for greater liquidity. Moreover, the liquidity itself tends to attract more liquidity as participants then become more comfortable with the level of liquidity of the ETF at that time.

Therefore in reference to fractualization, our contention is that if position limits were imposed on the ETF rather than, as we proposed, on the individual, it would likely result in the ETF having to break up into several ETFs. This fragmentation, we assert would result in disproportionately lower liquidity overall as the investors who were attracted to or relied on, the liquidity of the aggregate ETF would no longer be able to do so and would then turn to alternative liquid instruments such as OTC swaps which are less transparent and pose a higher degree of risk given their lack of full collateralization.

An appropriate analogy may be to compare this discussion to an exchange rather than an ETF. Would the forced fragmentation of the principal exchanges in both the United States and Canada result in increased participation and volume? Clearly the last decade would suggest that the global consolidation of exchanges has achieved this goal, rather than the opposite.

As indicated in my written testimony, dealer fractualization may also be a cause for concern depending on how position limits are imposed. If a dealer is also unable to flow position limits through to the end user there will likely be a dramatic scarcity value to the position limit at each dealer. This will inevitably result in increased risks and costs to the end users. We believe that the capacity of most tier 1 banks that have the credit worthiness and expertise to provide custom swap exposure to an ETF, will be consumed by their own index flow, asset management or proprietary business. As a result, an ETF may have to seek dealer counterparties with potentially less credit worthiness and expertise who do not currently partake in such activity.

Finally, I would like to take this opportunity to further respond to Commissioner Chilton's assertion that there must be a maximum limit a single ETF should have in any market. While I agree in principle with his comment, I believe it again should only be considered by looking at an individual investor's aggregate holding in ETF's. The number of ETF's available to, or held by, an investor is irrelevant; what is important is the overall exposure the individual investor has taken in a given market. This aggregation concept is the same as the view the Commission would take in looking at an investor who invested in commodities directly, as position limits would have to be applied across all listed and over-the-counter markets to be truly effective. Focusing on the ETF itself will not achieve the desired result and is structurally biased.

I hope this further clarifies our position and I would welcome any further questions or comments you may have.

Regards,

Adam Felesky
Chief Executive Officer
BetaPro Management Inc.

/mp

From: Tom Adams
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Wednesday, August 05, 2009 4:00:16 PM

Micheal Masters has made an egregious error in his calculations concerning the impact of speculation. I think you need to clear up this matter before you take him seriously.

You need to ask Michael Masters the following question:

"In your testimony to the CFTC on 8/5/2009, you refer to your early 5/2/2008 testimony before the Senate Homeland Security. In that earlier testimony you made a calculation error. You calculated the total change in China's in the 2003-2007 period to be 919 million barrels. If you review the calculation, you will see that the total change in China's demand was 2,887,949,212 barrels. In other words, if China's demand change had all been stored in an inventory, that inventory would have contained 2,887,949,212 barrels at the end of 2007.

In your testimony you said "The increase in demand from Index Speculators is almost equal to the increase in demand from China!" But, now that this calculation error has come to your attention, you will see that this is a false statement. In fact increase in global inventories (which you call an increase in demand from Index Speculators) was only one third of the increase in demand from China.

Please review the implications of your calculation error. How does this change your views on the impact of index speculation?"

From: secretary
To: energyhearingcomments;
Subject: FW: ICE"s response for the record
Date: Wednesday, August 05, 2009 2:30:59 PM
Attachments: Dunnresponse.pdf

From: Trabue Bland [mailto:Trabue.Bland@theice.com]
Sent: Wednesday, August 05, 2009 12:39 PM
To: Gizzarelli, Jason
Cc: Stawick, David
Subject: ICE's response for the record

Jason:

Attached is ICE's response, on the record, to Commissioner Dunn's questions.

Please call me if you have any questions.

Trabue

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Attached below are the IntercontinentalExchange, Inc.'s responses to the written questions posed by Commissioner Michael Dunn. As background, ICE operates four regulated exchanges: ICE Futures Europe, which hosts trading in crude and refined oil futures; ICE Futures U.S and ICE Futures Canada, which list agricultural, currency and Russell Index markets; and ICE OTC which offers markets in both energy and credit default swaps. ICE serves customers in more than 50 countries and is headquartered in Atlanta, with offices in New York, London, Chicago, Winnipeg, Calgary, Houston and Singapore.

1. How many full time staff do you have on your surveillance staff?

ICE Futures U.S. ("IFUS") Market Regulation department consists of 19 full-time employees including the Vice President of Market Regulation. Six (6) of the employees are dedicated to the Market Surveillance function and the remaining twelve (12) are dedicated to Compliance (trade practice investigations and rule enforcement). The Market Regulation department receives additional support from members of the ICE Futures U.S. Legal and Technology teams as well as ICE Inc.'s Technology team.

ICE Futures Europe ("IFE") has a total Regulation and Compliance team of 26 people. This includes 13 market supervision staff and 7 compliance staff (including post trade surveillance). The 2008 amendments to the CFTC No Action letter required substantial changes to the scope and content of position reports and hence for the first half of 2009 we estimate that the equivalent of 3 full time staff have been working on position monitoring and reporting.

Staff at ICE Futures Canada ("IFCA") perform a variety of functions, across departmental lines. IFCA has a total of five (5) employees who work on regulation and compliance matters as part of their job function.

ICE OTC ("IOTC") became a registered entity with the CFTC on July 24, 2009 as an Exempt Commercial Market with a significant price discovery contract (ICE Henry Hub Swap). As such ICE OTC is in the process of developing rules, procedures and programs to comply with CFTC core principles. As such the Market Surveillance Department consists of a Manager and Director with the ability to add 5 additional staff.

2. What is the annual budget of your surveillance program?

In total, ICE has $11.365 million dedicated to compliance and regulatory obligations. This excludes compliance and regulatory obligations for its five clearinghouses and outlays for technology resources.

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3. How were/are position limits and accountability levels set in all, single and spot month months?

IFUS: The position limits for cotton are set by the Commission, although the Exchange at one time did have smaller limits than the Commission. The smaller limits were recommended by the Exchange's Cotton Committee. Position limits and accountability levels in all other Exchange products are set using the guidelines provided in Commission Regulation 150.5. These limits and levels are recommended by Exchange staff and approved by the Control Committee, the relevant product committee, the Exchange's Board and the Commission.

IFE: The CFTC No Action letter of June 17, 2008 mandates that in respect of IFE contracts settling against a DCM contract, the IFE imposes position or accountability limits comparable to the existing limits adopted by the DCM referenced by the IFE. Consequently IFE uses the same position limits and position accountability as those published by NYMEX for the relevant 'linked' contract (notably the NYMEX Light Sweet Crude Oil futures contract).

IFCA: ICE Futures Canada sets and enforces speculative position limits in the nearby contract, during the spot month. These limits take effect on the first day of spot month, which begins at the close of business on the trading day prior to first notice day. There are no speculative position limits for non-spot contracts. The levels of spot-month speculative position limits are set based on an analysis of the trading volume and open interest of the pertinent futures contract, as well as an examination of the cash (physicals) market

IOTC in similar fashion to IFE will impose position limits and accountability levels comparable to the existing levels adopted by NYMEX for the Henry Hub natural gas swap.

4. Are position limits and accountability levels reviewed periodically to determine their adequacy/efficacy?

IFUS: Yes, attached is a history of the changes to the Exchange's position limits and accountability levels since 2001.

IFE: Limits and accountability levels are set with reference to those of the linked contract, which are kept under review and are in line as described in response to the previous question.

IFCA: Position limits are reviewed by the Regulatory Division of ICE Futures Canada, in conjunction with the Special Regulatory Committee (regulatory oversight committee) as well as certain exchange committees such as the Contract Committee. This review does not occur at prescribed intervals, but is reviewed regularly and adjusted when necessary. For example, the speculative limit in the ICE Futures Canada canola contract was increased from 500 contracts to 1000 contracts in early 2008, based on increases in trading volume and open interest levels. Similarly, the speculative limit for the ICE Futures Canada barley contract was recently reduced from 500 contracts to 250 contracts, due to significant contract specification changes which the exchange and its committees felt necessitated a more conservative approach.

IOTC has determined to apply equivalent limits and accountability levels for our Henry Hub Swap as CME Group has put in place for its financially and physically settled Henry Hub contracts.

5. How are position limits and accountability levels monitored?

For all of our markets the following response applies:

ICE has developed a Market Surveillance Application which generates alerts that are preprogrammed if a trader has a large percentage of either volume or open interest beyond a predetermined threshold. The application, as well as staff, have the capability of aggregating positions held by related parties. This allows our staff to determine if someone is spreading positions across firms or accounts in an attempt to circumvent a position limit. Staff monitors large trader positions for concentrations of ownership and potential collusive or concerted activity by market participants. Staff will contact the trader or account controller if it appears that any one trader or account controller has a concentration in a given commodity to determine the reason for the position.

6. How often are position limits and accountability levels exceeded?

IFUS: Position limits are exceeded relatively infrequently. If a position limit is exceeded due to unforeseen bona fide hedging needs, the trader has a set number of days to apply for an exemption. If the exemption is approved, there is no position limit violation.

For accountability levels, there are a certain number of commercial traders, swap dealers and index funds who typically have positions in excess of accountability levels. These entities are considered hedgers under current guidelines and would be eligible for exemptions if the Exchange granted them for products with accountability. Non-commercial traders infrequently exceed accountability levels. In all of 2009 across all softs products, fewer than 10 speculative/non-commercial firms have exceeded the accountability level for a given product and fewer than five of these firms have been in excess of either the single month accountability level or the all months accountability level for more than two consecutive weeks.

IFE: Since the introduction of mandatory position limits in respect of IFE contracts linked to DCM contracts in December 2008 there have been 8 contract months that have expired and a total of 7 breaches of the 3000 lot limit applicable to the 3 days prior to expiry not covered by hedge exemptions – the largest breach was 1458 lots and the smallest 93 lots, the average being 602 lots. In each case the Member has been issued with a written warning, in accordance with the policy adopted by NYMEX. The Exchange has powers to fine members in the event of further breaches.

IFCA: Since the implementation of formal speculative position limits in 2003, it has been our experience that the limits are rarely exceeded. This is due in large part to the ongoing dialogue between the Market Surveillance Group and market participants, prior to the beginning of spot month. In the few circumstances when speculative limits are exceeded, it has usually been due to: (a) a misunderstanding of when spot month begins; (b) a short-term situation arising from miscommunication between trading divisions/departments within a company, or; (c) failure by a firm to update their Annex 17 information to support their hedge exemption. In virtually all cases, upon identification of the error, the firm immediately brings the position below the speculative limit, or files the necessary documentation to support a hedge exemption.

IOTC: As this market was recently designated this question does not apply as of yet.

7. When exceeded, how much are they generally exceeded by and for how long?

IFUS: Traders with positions in excess of a position limit who are not eligible for an exemption are required to bring their position in compliance with the position limit immediately, i.e. the day on which the instructions are received. It is extremely rare when a trader does not immediately comply with the Exchange's instructions. With respect to accountability levels, non-commercial customers rarely exceed an accountability level by more than a small amount in relation to the accountability level and open interest for the contract. Commercial users (including swap dealers and index funds) exceed accountability levels to the extent that they have underlying business that they are required to hedge.

IFE: In the case of the 3,000 lot expiry limit in each case the breach was detected by IFE staff who instructed that the position be reduced to comply with the limit immediately and on each occasion the account was in compliance by close of business that day. Accountability limits do not automatically trigger an order to reduce the position. Since December 2008 there has been one instance where a Member in excess of the relevant accountability limit was instructed not to add to a position.

IFCA: see response to question 6

IOTC: As this market was recently designated this question does not apply as of yet.

8. What internal process occurs at the exchange when position limits or accountability levels are exceeded?

IFUS: If a trader exceeds a limit, staff immediately attempts to contact the trader by telephone. If the account is a non-member and the entire position is carried through a single clearing member, the clearing member is contacted by telephone. Contact is either made with the trader, clearing member or reporting firm as soon as staff becomes aware of the position, which is generally the morning following the day on which the position limit was exceeded. When a trader initially exceeds an accountability level, staff contacts the trader for the purpose of obtaining information about the nature of the position, including the trading and/or hedging strategy and the trader's internal guidelines and procedures for insuring compliance with the Exchange's spot month position limits and for generally monitoring the position.

IFE: Members with substantial positions who do not have appropriate hedge exemptions are contacted prior to the final three days in the run-up to each expiry to remind them of the applicable limits. In the event that the position limits are exceeded the Member concerned is contracted immediately. The CFTC is notified of breaches of position limits on a quarterly basis, but will also be immediately aware as a result of daily position reporting. The Exchange reviews accounts in excess of accountability limits regularly, and contacts the Member concerned where appropriate.

IFCA: In a situation where an entity exceeds the speculative limit during spot month, the Regulatory Division contacts the entity and/or their clearing firm immediately to discuss resolution. As noted above, these situations are almost always resolved the same day, or the next trading day if the issue is identified when the market is closed..

IOTC: Staff is in the process of providing procedures and rules to the CFTC in order to show compliance with the SPDC core principles published by the CFTC.

9. How often are traders ordered to liquidate positions to comply with position limits or accountability levels?

IFUS: Traders are infrequently ordered to liquidate positions because position limits are rarely exceeded by traders who are not eligible for exemptions. In the case of accountability levels, traders are instructed, on occasion, to stop increasing their position. IFUS last instructed a trader to stop increasing its position earlier this spring and last ordered a trader to reduce its position in early 2008.

IFE: On average once per month are traders ordered to liquidate positions, in addition IFE staff contact holders of positions above or near the limit and ensure they are aware of the mandatory limit and when it is effective.

IFCA: In a situation where an entity exceeds the speculative limit during spot month, the Regulatory Division contacts the entity and/or their clearing firm immediately to discuss resolution. As noted above, these situations are almost always resolved the same day, or the next trading day if the issue is identified when the market is closed.

IOTC: Not applicable as of yet.

10. How soon after position limits or accountability levels are exceeded is the Commission notified?

IFUS: The Commission receives the same large trader data as the Exchange does, so there is no reason to notify them. However, Exchange staff will, and frequently does, share information with Commission staff about positions.
IFE: The Commission receives daily information on all client positions in excess of 100 lots. In addition, the CFTC No Action letter of 17 June 2008 mandates that IFE informs Commission in a quarterly report of any breaches of position limits, whether a hedge exemption had been granted and if not what action was taken. IFE has complied with this request and has adopted a similar regime to that operated by NYMEX in respect of treatment of breaches.

IFCA: Not applicable

IOTC: This is not applicable at this time.

11. When the Commission is notified, what procedures do you have in place for your interaction with the Commission?

IFUS: Market surveillance staff speaks with the Commission economist responsible for the product, as necessary, and frequently during expiration periods.

IFE: In addition to the quarterly report, IFE staff has a weekly call with CFTC staff where any issues (usually technical) are discussed. Other information would be routed via the FSA in accordance with memorandum of understanding between FSA and CFTC.

IFCA: Not applicable

IOTC: Not applicable as of this now as the market was deemed to have a SPDC on July 24, 2009.

From:	Ray Jeanfreau
To:	energyhearingcomments;
Subject:	Energy hearing comments
Date:	Wednesday, August 05, 2009 2:06:52 PM

I did email yesterday concerning limiting speculative positions in the Energy Futures Market but wanted to email again. Today is a prime example of the effects of speculators on the price of crude. The Energy Department's report came out today showing that crude stockpiles rose by 1.7 million barrels and that this was more than double what was expected. Common sense and supply and demand would make you think that the price of crude would fall. However, because of greed and the speculators, the price of crude is actually up as I am writing this email. Who can help out the consumer? Why do we have to pay for someone's greed? Please limit the speculative positions in the Energy Futures Market. With the stockpiles increasing and the price of crude increasing too, can you only imagine how much it will go up if the Energy Department's report ever shows a decrase in the crude stockpile? Its absolutely ridiculous that speculating can affect so many people.

Thank you.

--

Raymond T. Jeanfreau III, CPA

[redacted]

From:	Michael Golden
To:	energyhearingcomments;
Subject:	Energy Hearing Comments
Date:	Wednesday, August 05, 2009 1:16:48 PM

Honorable Chairmain Gensler & Members of the CFTC:

It befuddles the American public that our federal government seems intent to regulate so many aspects of our lives, yet fails to regulate the one area which mandates regulation - energy. Let me state in clear & concise terms that I am a supporter of the free market and of capitalism. However, the energy futures trading markets do not represent free market capitalism.

Much has been said regarding excessive speculation when it comes to liquid commodities trading. I beg to differ with the term "excessive speculation". What is occurring is not excessive speculation, but rather, market manipulation. Opponents of my position would argue that removing speculation from the liquid commodities markets would decrease monetary liquidity in these markets and subject these markets to greater volatility. Many so called "experts" have stated that they would take their business overseas to the I.C.E. if the CFTC imposed limitations on liquid commodity trading. Others state that oil needs to trade at above $70 per barrel just to break even. My response to these ludicrous statements is "so what".

Never in the history of our country has their been a greater transfer of wealth than there has with regards to liquid commodities. Reigning in market manipulation is not only good for the economic well being of our nation, but it is a matter of national security. It is the responsibility of the CFTC to take the lead in this matter, and put an end to market manipulation once and for all. To use liquid commodities as an investment avenue at the expense of the American public and American commerce is simply absurd.

I urge to the CFTC, in the strongest of terms, to take the following actions with regards to the liquid commodities markets it oversees: (a) Impose strict position limits on orders in an effort aimed at eliminating the use of liquid commodities as an investment avenue for hedge funds; (b) Increase the margin limits from current levels to 50%, at a minimum, which will discourage investors, primarily hedge funds, from manipulating the markets with little equity in the transaction; (c) restrict trading in the liquid commodities markets to those who will take delivery of the commodity itself.

To permit the pricing in the liquid commodities markets to be controlled by hedge funds and energy traders is simply ludicrous. How we have gotten to this point without some form of normal regulation as we see in agricultural commodities is beyond belief. It is of the utmost importance that your body acts in the best interest of the nation and the public, regardless of the arguments you may hear from energy traders and the investor class. The reality is that their actions are harming our economy in the worst of ways.

At present, this country is sitting on an excess of oil both on land and at sea. Yet at present, oil is being driven up by investors who manipulate the market. The law of supply & demand is non-existent as a result of the futures market being a free for all. I recently read that the amount of oil in storage is at a 25 year high, and consumption of oil has fallen dramatically. Logic would dictate that oil prices should be at a range of $20-35 per barrel at present. But instead, we're looking at $70+ oil with "talk" by energy traders that we're going to $100. This certainly doesn't help any economic recovery, and it actually hinders any recovery when the futures market is out of sync with the actual supply & demand of the product.

Thank you in advance for considering my comments set forth herein. I pray that the CFTC will act on this matter for the good of our country.

Respectfully,

Michael Golden
[redacted]

From: Dom Cast
To: energyhearingcomments;
Subject: Don"t let speculators ruin the world
Date: Tuesday, August 04, 2009 5:14:38 PM

I hope this reaches the office of your recently confirmed Chairman Gary Gensler

In recent years I hounded both Senator Reid and Barack Obama with pleas to oust the big oil speculators from the NYMEX. My primary contention was that by controlling 70% of the contracts between 2003 and 2008 these gamblers were effectively cornering the market. My personal belief was that they were also colluding to do so. After all it's not hard to guess who's buying or selling by looking at the size of the bids, asks, and recent trades.

I contend all futures markets were instituted for the benefit of big producers and consumers of the commodity in question so that through the market action of supply and demand a fair price may be discovered. They are not in business for the benefit of big conceiving speculators, who neither produce nor consume a thing.

The damage they've done to the world economy is beyond measuring. Would the international housing crisis have been this bad if homeowners had something left after paying for the lopsided cost of energy? I doubt it.

You know the ancient bromide: Fool me once, shame on you. Fool me twice, shame on me.

At the last G-20 meeting President Obama promised to clean up our financial markets and make them safe havens for investment.

Bounce those hedge funds and other institutional sharks from our energy markets, ASAP. The world is watching and won't forgive another Bush era stumble.

Should gasoline, for example, be allowed to sell for $3/gallon or more for as little as six months, a second downturn in world economies will surely occur and this time the United States oil market will clearly be to blame. There won't be a financial crisis or a housing bubble to muddy reasonable identification of the cause for this additional disaster.

The world already has America on notice. If our crooked financial markets are to blame for extortionate energy costs while the world is awash in petroleum products they will retaliate by first sinking the dollar; not exactly sleight of hand given our outrageous twin deficits. When the dollar is no longer the world's reserve currency, there will be unprecedented capital outflows with concomitant destruction of our securities markets. The mighty USA will be sunk without a shot being fired.

When the smoke clears, the rest of the world will begin trading for oil on a new non-American bourse, in a different currency, where real controls will be in place and prices will be set by the free market action of supply and demand- unlike the capers being cut on the speculator plagued NYMEX today.

Our just deserts will take the form of a hyperinflation racked third world society where- like the former Soviet Union- the Federal Government will collapse. Fill in your own scenario from there!

From: Ray Jeanfreau
To: energyhearingcomments;
Subject: Energy Hearing Comments
Date: Tuesday, August 04, 2009 11:55:12 AM

To whom it may concern:

I sincerely hope that you will help the American public out by limiting Speculative Positions in the Energy Futures Markets. Supply and demand should be the only determinant of the price of crude. In the last couple of years this has been ignored and only pure GREED has taken over. Speculators run up the price of crude without any justification and affect everyone living in the United States. Unless someone tries to limit this unwarranted run up in the price of crude we are all in for a nightmare at the pump just like last year.

Thank you.
--

[redacted]

From:	Carl Loeb
To:	energyhearingcomments;
Subject:	comment
Date:	Tuesday, August 04, 2009 10:42:23 AM

Dear Sirs,

Thank you for the excellent hearings on position limits. It is refreshing to see someone running those hearings with such clear vision on the fundamental issues. It appears that it doesn't matter how much smoke is pumped into the room by witnesses, Chairman Genzler is staying focused on the most important issues, which he has identified as:

1. Position limits are necessary to prevent the kind of concentration that distort the price of commodities.
2. Those position limits should be rationally calculated and not subject to endless exemption.
3. They should be set by the regulatory agency to avoid the fox guarding the chicken house problem.

My particular interest is in the silver market, and I am heartened because whatever formula you come up with for calculation of position limits, silver will stand out as the greatest aberration demanding immediate adjustment. The short side concentration of two U.S. bank, who at your last report held around 25% of world production, clearly distorts the price discovery mechanism the futures markets are supposed to provide. This is so because as long as a couple of traders are willing to sell into any rally, artificial supply of silver will meet any demand and the price will be lower and much more volatile than it should be. If in the crude oil market a couple of traders held 25% of world production, you'd be looking at an average position for each of a couple of traders of around 3.5 million contracts. Now that level of concentration would get even Mr. Obie's attention!

Some would argue the a low price of silver is good for the market and the economy. My response is that it is not the CFTC's job to make such macro decisions on 'fair pricing', but rather to ensure that a fair and free market exists that will itself set the fair price. I would also point out that silver is a vital and in many applications irreplaceable industrial commodity whose supply has been consistently dampened as a result of the market dominance of a few short traders. Government stocks of silver are almost gone, ETF holdings of silver are steadily increasing, and a collision between industrial demand and remaining supply is on the horizon. When a realignment of fundamental issues of supply and demand in silver are resolved, the disruption to the marketplace will be severe and damaging, and the sooner the CFTC allows fair pricing to occur by imposing position limits on all market participants – short or long – the less disruption the inevitable conclusion of this problem will be.

Again, thank you for finally doing your job.

Carl Loeb
[redacted]

[redacted] [redacted]

C.F.T.C.
OFFICE OF THE SECRETARIAT
2009 JUL 28 AM 11 59

WINTON

27 July 2009

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Mr David Stawick
Secretary
Commodity Futures Trading Commission

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Washington, DC 20581

Re: Energy Position Limits and Hedge Exemptions

Dear Sir,

In response to the Commission's request for public input into whether federal speculative position limits ("speculative position limits") should be set by the CFTC for commodities of finite supply, Winton Capital Management Limited ("Winton"), a CFTC registered CTA and CPO, would like to make a number of observations about the energy markets, which we hope you will find helpful.

Formation of Speculative Position Limits in the Energy Markets

Winton naturally believes that the commodity futures markets provide a valuable price discovery and risk transfer mechanism, in which futures prices follow current and future expectations of physical market fundamentals. Notwithstanding that belief, Winton acknowledges that excessive speculation has the potential to impinge on the efficient functioning of those mechanisms in the short term.

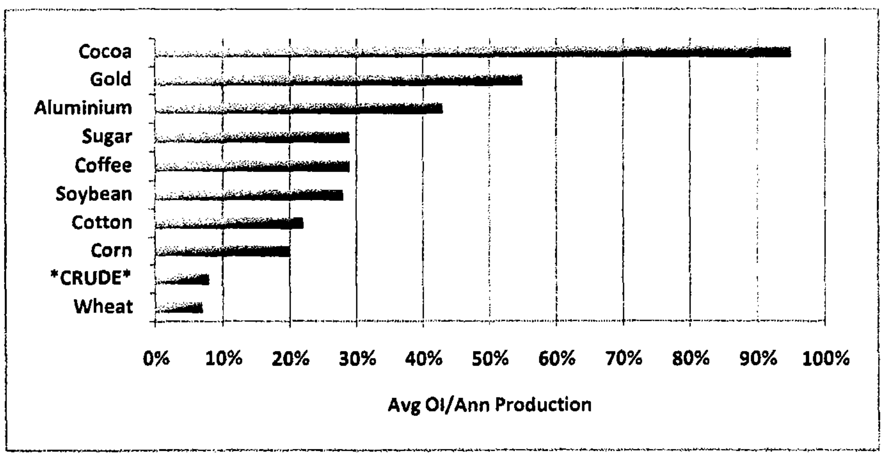
In the event that the Commission determines that energy market speculative position limits are necessary, consideration ought to be given to implementing a set of tapered position limits. Appropriately narrow limits would be applied to the front months, with limits becoming progressively more relaxed further out along the expiry curve and potentially unlimited for those months furthest out.

Winton believes that this configuration of limits is supported by the following observations[1]:

[1] 2008 OI data sourced from the relevant exchange. Sugar includes Sugar and London Sugar; Cocoa includes Cocoa and London Cocoa. 2008 Production data sources: FAO (coffee, sugar, cocoa, wheat & crude), USDA (coffee, sugar, cotton, soybean & corn), USGS (gold & aluminium), ISO (sugar), ICCO (cocoa).

- In absolute terms, speculation in the energy markets, as measured by open interest (OI) as a proxy, is not significant compared to the level of production.
    - Crude oil OI (incl. Crude, E-mini Crude & Brent Crude) amounted to approximately 2.4bn barrels of oil, the equivalent of only 8% of annual world production, which stood at approximately 31bn barrels in 2008.
- Relative to levels of speculation in other commodity markets, the degree of speculation in the energy markets is not exceptionally high, as shown in Figure 1.
    - Crude oil OI as a percentage of annual world production (8%) is significantly lower than that of, for example, Soybeans (28%) and Aluminium (43%).
- OI in the energy markets is heavily concentrated in the front months.
    - OI in the first six Crude contracts accounted for approximately 58% of total Crude OI.
    - OI in the Crude front month contract was approximately 16% of monthly world production; double the value of total Crude OI as a percentage of annual world production.

Figure 1: Commodity Markets' Average OI as a percentage of Annual Production (based on 2008 data)



By tapering the size of speculative position limits towards the spot month, greater control may be exerted over the front months where OI is concentrated and the potential for market dislocation is most acute, whilst encouraging greater participation further along the curve, helping to preserve and possibly enhance the risk transfer mechanism.

In order to increase the potential effectiveness of tapered position limits, Exchanges could be encouraged to construct incentive programmes designed to promote increased levels of trading in the further out contract months.

As the Commission holds its hearings on energy speculative position limits over the next two weeks, we hope that consideration may be given to the comments contained in this letter. We at Winton would be pleased to speak with any Commissioner, CFTC staff member or member of the Energy and Environmental Markets Advisory Committee who has questions or would like further elaboration of our thoughts. I and Nicola Malhotra, Winton's Head of

Risk Management, may be reached at 011-44-20-7610-5350. US Counsel, Patricia Gillman, is reachable at 773.665.9787.

Yours sincerely,

David W. Harding
Chief Executive Officer and Head of Research

cc: The Honorable Gary Gensler, Chairman of the CFTC
The Honorable Michael Dunn
The Honorable Jill E. Sommers
The Honorable Bart Chilton, Chairman, Energy and Environmental Markets Advisory Committee
Mr. Jeff Harris, Chief Economist

From: questions
To: Ford, Mildred Y.;
Subject: FW: Current hearings on new energy trading regulations
Date: Thursday, July 30, 2009 3:58:32 PM

From: Erika Heumann [redacted]
Sent: Wednesday, July 29, 2009 9:38 AM
To: questions
Subject: Current hearings on new energy trading regulations

Mr. Gensler,

I was thrilled to read the article in today's NYT about your group's efforts to rein in the worst of the speculative abuses in our energy markets. Over the past 2-3 years it has been easy to watch the end-users price paid for gasoline (and with that, the cost of airline tickets, food and clothing) spike each time markets bid up the cost of oil. There was no shortage, and no refining constraint - there was merely greed, and the scramble for profits in an unregulated trading environment. Each time that price hit a new high, we suffered a little more.

I suppose we should be glad that the airlines and municipal power companies are also behind your attempts to control the purely financial trades in energy - they have lobbies and money enough for the federal government to listen to them. As citizens (and even as voters) our lobbying power lags pitifully behind the big business concerns. I doubt our interests in this are totally in alignment, but if they and their might can get you to put a stop to the speculation, we will cheer loudly.

Thank you, and good luck with this effort.

Erika Heumann
[redacted]

[redacted]

From: questions
Sent: Thursday, July 30, 2009 3:54 PM
To: Ford, Mildred Y.
Subject: FW: Urgent: Please help me get this chart to Mr. Gensler

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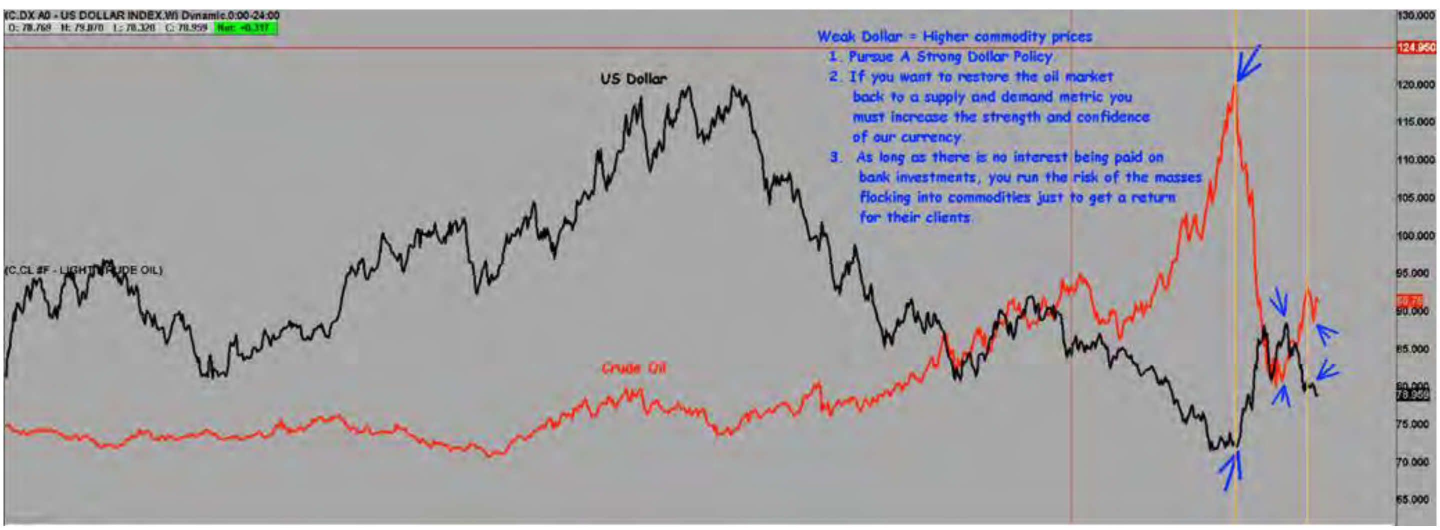
From: Richard Fassinger [redacted]
Sent: Tuesday, July 28, 2009 12:27 PM
To: questions
Subject: Urgent: Please help me get this chart to Mr. Gensler

I have to tell you that this discussion on setting limits on trading has really made me question the direction that the CFTC is taking. Look at the attached chart and as you can see very clearly how a weak dollar has influenced the volatility in commodities. The CFTC should be recommending strong dollar policies to our government officials so that we may restore the metric for energy trading back to supply and demand. I can tell you that with record low interest rates many people in charge of securing a return for their clients have to get creative in order to achieve that goal. Once interest is paid on cash again the speculative nature in energy markets will cease.



The dollar strength has an inverse relationship with Oil. The day that the Oil market collapsed last year is the very day that the dollar strengthened. This occurs over and over again. Strengthen the dollar and restore energy markets to a supply and demand metric.

Please feel free to contact me for further details.
Thanks for your help

Richard Fassinger

From: questions
To: Ford, Mildred Y.;
Subject: FW: Congratulations
Date: Thursday, July 30, 2009 3:51:19 PM

From: Darryl Goodreau [redacted]
Sent: Tuesday, July 28, 2009 12:00 PM
To: questions
Subject: Congratulations

I congratulate you on your position with excessive oil speculators. You are doing a far greater service to our country's future than the average citizen understands. Job well done.
D. Goodreau
[redacted]

From: David Najarian
To: Enforcement;
Date: Thursday, July 30, 2009 12:40:46 AM

Dear Sir or Madam,

I am writing to protest the CFTC's recent push to impose energy futures positions limits. According to one article I recently read: ""No longer must we debate the issue of whether or not to set position limits," Gensler said during the second day of CFTC hearings on excessive speculation in the energy markets.""

Well, I totally disagree. What does he mean by "no longer must we debate." Gensler says this as if he is absolutely right and wants to deny others their freedom of speech.

I have read too much nonsense about how speculators are responsible for excess volatility and the high price of oil last year. Too many people calling for trading limits because of excess speculation. Too many people blaming index funds for the high price of oil last year.

First of all, why are you singling out the Energy market as an inappropriately volatile market? I've been trading in all sorts of markets since 1991, and with the exception of one day in 1987, I've never seen volatility in the stock market, bond market, and all sorts of commodity markets like I saw last year. Do we therefore also need to now blame speculators for excessive volatility in stock markets? Bond markets? How about other commodity markets? There is no good reason why the energy market should be picked on. In fact, there were very good reasons to have volatility and high prices in the energy market last year. Oil supplies were tight…the largest oil fields in the world are declining in production, yet demand was growing... especially from large economies like China. When it looked like the US housing market might fall apart, along with the rest of our economy, there was a great deal of economic uncertainty. Recall Ben Bernanke saying he doesn't see problems in subprime affecting the rest of our economy? Remember how suddenly we realized he was wrong? Remember how our economy, the largest consumer of oil, fell off a cliff suddenly? Are these not rational reasons to have had a very volatile market in energy (as well as stocks, bonds, and other commodities) last year?

Placing trading limits on energy futures trading to curb excess speculation (e. g. by those who don't take possession of the physical commodity) does not appear to be in the best interests of the industry. As far as I know of, there is no good evidence that anyone cornered the market, unfairly manipulating the price of oil for everyone else. If there was such evidence, then new rules surely would be needed. The fact is however, there is no such evidence. In addition, there are good reasons to believe that in the absence of such inappropriate market manipulation the more speculation allowed the better. Why? Speculators do a great deal of research to uncover investment ideas. Some of that research is important and would never have been completed without lucrative incentives for speculators. For example, take a look at Matt Simmons book, "Twilight in the Desert." This book, written by an investment banker, is a masterpiece of fine, original research of the Saudi Oil fields that I doubt would ever have been written if purely financial speculators were not allowed to participate in the markets. Yet findings published in this book are truly important for anyone involved in Energy policy. The fact is, allowing speculators to participate in the energy markets leads to more research into the field's supply and demand dynamics…how can this be a bad thing? More research would lead to more appropriate prices. However, curbing the ability of speculators to make money from trading in energy futures would likely reduce the amount of research done in the field, decreasing the visibility of supply and demand trends, and thus lead to greater distortions of supply, demand, and prices in the future.

Finally, placing trading limits on energy futures by threatening the ability of index funds to invest in them is blatantly unfair to many Americans like myself. For example, I commute a long distance by car every day. Maybe I'd like to hedge against a possible rise in gas prices? How can I reasonably do that without investing in an index fund that invests in the energy futures markets? The fact is, index funds, ETNs, and ETFs that invest in energy futures are an important way that small investors can hedge themselves against a possible rise in the price of energy in the future. If I want to invest in oil, I should be able to. If I want to invest in gas, I should be able to. And so should all other Americans.

Sincerely yours,

David J. Najarian
[redacted]