**From:** Hunt Shipman <hshipman@cgagroup.com>
**Sent:** Monday, October 4, 2010 5:42 PM
**To:** PosLimits <PosLimits@CFTC.gov>
**Cc:** Van May <van.may@pcca.com>
**Subject:** Comments submitted by Amcot
**Attach:** 100110 Position Limits Comments.pdf

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The attached comments regarding aggregation of position limits in implementation of the Dodd-Frank Act are submitted on behalf of our client, Amcot. Please feel free to contact me if you have any questions.

Hunt Shipman

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October 1, 2010

Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581
Submitted Via Email: PosLimits@CFTC.gov

RE: Position Limits, including Large Trader Reporting, Bona Fide Hedging Definition & Aggregate Limits

Dear Mr. Chairman and Members of the Commission:

The four farmer-owned cotton marketing cooperatives which comprise Amcot collectively market about half of the United States' cotton crop each year. We appreciate the opportunity to offer views regarding aggregation of position limits in agricultural futures markets.

The positions that Amcot's members describe in this submission have been developed largely through the experience of the events of late February and early March 2008, which have had a long-lasting and very detrimental effect on cotton markets around the world. In fact, we advocated that the Agriculture Committees of Congress enact statutory provisions similar to those we are proposing in these comments. We appreciate the work that the Commission and its staff have done on these issues.

We are also gratified that in two important areas, the definition of bona fide hedging and the aggregation of position limits, Congress recognized the need for a change in policy and we respect that it gave the Commission latitude in implementing these provisions.

It is the position of Amcot members that the CFTC should establish regulations which will ensure that market participants who reach their speculative position limit in a given contract are unable to effectively circumvent the limit by purchasing a swap or other type of derivative instrument. This is true whether or not the speculator trades directly in the futures market. We are concerned that currently, a non-commercial trader can exceed its speculative position limit by entering into a swap agreement with a swap dealer. The dealer could use the futures market to hedge its risk as a swap dealer. The swap dealer would be treated as a hedger. However, in reality, the dealer is merely assuming the risk from a speculator for a fee, and offsetting its risk in the futures market, thus enabling the speculator to circumvent speculative position limits.

The Commission should address this situation by limiting a speculator to a net number of contracts (currently 3,500 for cotton) which includes both futures and swaps contracts for a particular speculator. This will ensure that market participants who do not take title to the physical commodity cannot exceed the futures speculative position limits by purchasing a swap instrument.

We appreciate the Commission's consideration of our comments and welcome the opportunity to work with the Commission further as it implements the Dodd-Frank Act.

Sincerely,

Van May
Chairman