

COMMODITY FUTURES TRADING COMMISSION**17 CFR Part 150****RIN 3038--AC140****Revision of Federal Speculative Position Limits****AGENCY:** Commodity Futures Trading Commission**ACTION:** Proposed rules; withdrawal.

SUMMARY: On November 21, 2007, the Commodity Futures Trading Commission (Commission or CFTC) published a proposed rulemaking to increase the Federal speculative position limits for certain agricultural commodity contracts set out in Commission regulation 150.2 (proposed rulemaking).¹ The proposed rulemaking would have increased the single-month and all-months-combined position limits for all contracts except contracts based on oats in accordance with the formula set out in Commission regulation 150.5(c). The proposed rulemaking would have also required the aggregation of traders' positions in contracts that share substantially identical terms with regulation 150.2-enumerated contracts, regardless of whether such contracts were specifically delineated in that regulation, for the purposes of ascertaining compliance with the Federal speculative position limits. For the reasons provided below, the Commission has determined to withdraw the proposed rulemaking.

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¹ Revision of Federal Speculative Position Limits, 72 FR 65483 (November 21, 2007).

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SUPPLEMENTARY INFORMATION: The Commission has long established and enforced speculative position limits for futures contracts on various agricultural commodities. The Commission periodically reviews these Federal speculative position limits, which are set out in Commission regulation 150.2.² On November 21, 2007, the Commission published its proposed rulemaking to increase Federal speculative position limits for all single-month and all-months-combined positions in all commodity markets enumerated in Commission regulation 150.2, except Chicago Board of Trade (CBT) Oats, based on the formula set out in Commission regulation 150.5(c). The rulemaking proposed to increase levels for single-month and all-months-combined positions for CBT Corn, Soybeans, Wheat, Soybean Oil, and Soybean Meal; Minneapolis Grain Exchange Hard Red Spring Wheat; Kansas City Board of Trade Hard Winter Wheat; and New York Board of Trade³ Cotton No. 2. In addition, the rulemaking proposed to require the aggregation of positions in contracts that share substantially identical terms with regulation 150.2-enumerated contracts, regardless of whether such contracts were specifically delineated in that regulation, for the purposes of ascertaining traders' compliance with the Federal speculative position limits.

² Commission regulation 150.2 imposes three types of position limits for each specified contract: a spot month limit, a single-month limit, and an all-months-combined limit. The Commission most recently adopted amendments to levels for Federal speculative position limits in 2005. See 70 FR 24705 (May 11, 2005).

³ The New York Board of Trade was acquired by ICE Futures U.S. in January, 2007.

The Commission requested public comment by December 21, 2007. On December 31, 2007, the Commission extended the initial comment period to January 21, 2008 to give interested parties additional opportunity to comment.⁴ The Commission received a total of 40 comment letters in response to its Federal Register publication.⁵ Six letters generally favored the proposed regulations and 34 letters were generally opposed to their adoption. An Agricultural Forum held by the Commission on April 22, 2008 served as an additional venue for the presentation of views with respect to the proposed rulemaking and a related Commission proposal to adopt a risk management exemption from the Federal speculative position limits.⁶

Collectively, the comments received in response to the proposed rulemaking and at the Commission's April 22 Agricultural Forum reflected differing perspectives on a wide range of issues of substantive import to the proposed rulemaking. The issues covered by the commenters, both in favor and opposed to the Commission's proposal to revise the Federal speculative position limits, included product margin requirements, the convergence of cash and futures transaction prices, the impact of commodity-linked instruments traded on national securities exchanges on CFTC regulated transactions, the degree of transparency for market participation, and the quantification of the impact of speculative trading on market volatility. In light of the wide range of divergent positions that have been put forth by interested parties, the current market conditions for the contracts that would be affected by the proposed rulemaking, and in order to determine whether further consensus among the affected parties should be sought, the

⁴ 72 FR 74213 (December 31, 2007).

⁵ Federal Register Comment File 07-014, available at www.cftc.gov/lawandregulation/federalregister/federalregistercomments/2007/07-014.html.

⁶ Risk Management Exemption from Federal Speculative Position Limits, 72 FR 66097 (November 27, 2007) (to be withdrawn).

Commission has determined to withdraw the proposed rulemaking pending further consideration of the relevant issues.

Issued by the Commission this June 2, 2008, in Washington, DC.

A handwritten signature in blue ink that reads "David A. Stawick". The signature is written in a cursive style and is positioned above a horizontal line.

David Stawick
Secretary of the Commission