

March 28, 2011

Mr. David A. Stawick, Secretary  
Commodity Futures Trading Commission  
Three Lafayette Center  
1155 21<sup>st</sup> Street, N.W.  
Washington, D.C. 20581

**Comments on RIN numbers 3038-AD15 and 3038-AD16: Position Limits for Derivatives**

Dear Mr. Stawick,

We, the undersigned – 56 U.S. and 28 international organizations and coalitions from 16 countries – write to encourage the Commission to follow through with the full implementation of the Dodd-Frank Act as quickly as possible. We are concerned that deregulation in the last two decades has rendered U.S. commodity markets useless for the very actors for whom those markets were designed, and has helped drive millions of people to the edge of starvation.

We write to stress the global reach of the decisions you are making. While most who have talked with you about the proposed rules are commercial and financial actors in commodity markets, we feel it is essential that all Commissioners remember that billions of people are directly affected by the functioning of U.S. commodity markets. Please consider this letter as a representation of that global reality.

We believe that commodity markets should be dominated by bona fide commercial end users who deal in physical commodities with a limited amount of speculation to provide liquidity. Commodities are too important to allow their prices to be unduly influenced by speculators.

To assure well-functioning commodity markets and avoid food and energy price bubbles like those that occurred in 2008, we would like to stress the following points regarding the implementation process:

- 1) At a minimum, the proposed rules regarding position limits should be implemented fully. We think these rules will address the problem of manipulation, but not excessive speculation. To reduce excessive speculation, we encourage the Commission to consider additional aggregate limits on speculation.
- 2) Any exemptions to position limits or transparency rules should be limited to businesses that deal directly in physical commodities and use commodity markets to hedge commercial risks. Banks, hedge funds, pension funds and institutions that provide commodity indexes, exchange-trade funds, or exchange-traded notes should not be granted any exemptions.
- 3) We are especially concerned about the effect of passive investments such as commodity indexes, exchange-traded funds and exchange-traded notes. We encourage the Commission to consider additional restrictions or a complete ban of these instruments in commodity markets.

- 4) We agree with the Department of Justice<sup>1</sup> that ownership and control restrictions for Designated Contract Markets and Swap Execution Facilities should be tightened. This is necessary to prevent a small number of large financial institutions with common goals from owning a controlling share of these important institutions.

We are very concerned that, if the CFTC does not move forward quickly in implementing Dodd-Frank reforms, the world faces the danger of experiencing unnecessary price bubbles similar to 2008 when over 100 million people were pushed into hunger.

In response to charges that there is no evidence of excessive speculation, we would like to point out dozens of studies and commentaries from respected universities like MIT, Universities of Chicago and London, Princeton, Yale, and Rice, and institutions such as Oppenheimer, Deutsche Bank, UNCTAD, the World Bank and the U.S. Senate.<sup>2</sup>

To quote the Senate Permanent Subcommittee on Investigation's June 2009 report on wheat speculation,

**“Virtually all of the traders and analysts contacted by the Subcommittee stated that the large presence of commodity index traders in the Chicago market was the primary factor contributing to the pricing problems in the wheat market.”<sup>3</sup>**

No laws have changed to prevent another episode like that described by the Senate subcommittee. Only strong implementation of Dodd-Frank reforms by the Commission will help restore sanity to essential commodity markets. People all around the world, especially the most vulnerable, depend on well-functioning commodity markets. We hope that the Commission will make the right decision and rein in excessive commodity speculation.

Thank you for your consideration.

Sincerely,

***Signatories on following pages***

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<sup>1</sup> Comments of the U.S. Department of Justice before the U.S. Commodity Futures Trading Commission in the matter of RIN 3038-AD01, December 28, 2010

<sup>2</sup> [http://stopgamblingonhunger.com/?page\\_id=848](http://stopgamblingonhunger.com/?page_id=848)

<sup>3</sup> Senate Permanent Subcommittee on Investigation's report "Excessive Speculation in Wheat Markets" (pps. 137-138)

## **National organizations**

ActionAid USA  
Affording Hope Project  
African Faith and Justice Network  
Alliance for Global Justice  
American Jewish World Service  
Americans for Financial Reform  
Bartimaeus Cooperative Ministries  
Bountiful Cities  
CAJA<sup>3</sup> Community Action for Justice in the Americas, Africa, Asia  
Catholic Charities of Kansas City-St. Joseph, Inc.  
Church World Service  
Columban Center for Advocacy and Outreach  
Consumer Watchdog  
Family Farm Defenders, Kansas  
Fellowship of Reconciliation  
Food & Water Watch  
Foreign Policy in Focus  
Friends of the Earth-US  
Gasoline and Automotive Service Dealers of America - GASDA, Inc.  
Global Advocates for Food Sovereignty and Environmental and Social Justice  
Global Policy Forum  
Grassroots International  
Heartland Center  
Holy Cross International Justice Office  
Institute for Agriculture and Trade Policy  
Interfaith Center on Corporate Responsibility  
Jubilee Missoula Network  
Leadership Conference of Women Religious  
Lutheran Peace Fellowship  
Maryknoll Office for Global Concerns  
Medical Mission Sisters, Sector North America  
Mennonite Central Committee U.S. Washington Office  
Missionary Oblates of Mary Immaculate, Justice, Peace/Integrity of Creation Office  
National Catholic Rural Life Conference  
National Family Farm Coalition  
National Latino Farmers & Ranchers Trade Association  
New Rules for Global Finance Coalition  
Nicaragua Center for Community Action (NICCA)  
Order of Friars Minor, Justice, Peace and Integrity of Creation Office  
Organic Consumers Association  
Pesticide Action Network North America  
PLANT (Partners for the Land & agricultural Needs of Traditional Peoples)  
Public Citizen  
Roman Catholic Diocese of Albany, Commission on Peace and Justice  
Second Chance Foundation, Inc.  
Sisters of the Holy Cross - Congregation Justice Committee  
Sisters of Mercy of the Americas – Institute Justice Team  
Sisters of the Presentation, Fargo  
Sisters of the Presentation, San Francisco  
Sisters of St. Dominic of Caldwell, NJ  
Sisters of St. Francis of Philadelphia  
The International Presentation Association of the Sisters of the Presentation  
Tri-State Coalition for Responsible Investment  
Union of Sisters of the Presentation of the Blessed Virgin Mary – United States Province  
United Church of Christ Justice and Witness Ministries  
WhyHunger

## **International organizations**

Africa-Europe Faith and Justice Network (AEFJN), Belgium  
CEDURE, Centro de Estudios Urbano Regionales, Bolivia  
Claretian Missionaries - General Secretariat for JPIC, Italy  
Committee of the Missionaries of Africa of Justice and Peace, Netherlands  
Concord Denmark  
Con-spirando Women's Theology Collective, Chile  
Daughters of the Sacred Heart, Malta  
East and Southern African Small-Scale Farmers Forum (ESAFF), Zambia  
Forum Solidaridad Perú  
Grupo de Solidaridad-Arenal (GRUDESA), Nicaragua  
Hermanas del Servicio Social (Social Service Sisters), Mexico  
Informationsgruppe Lateinamerika (IGLA-Information Group on Latin America), Austria  
JPIC Commission of the Union of Superiors General and the International Union of Superiors  
General, Rome  
Latinamerican Network on Debt, Development and Rights (Latindadd)  
Mujeres para el Diálogo, AC (Women for Dialog), Mexico  
Platform Aarde Boer Consument (Earth Farmer Consumer), Netherlands  
Presentation Sisters of the Blessed Virgin Mary, Philippine Vice Province, Philippines  
Presentation Sisters of Western Australia  
Presentation Sisters, South East and South West Provinces, Ireland  
Presentation Sisters, Zimbabwe  
Red Nacional Género y Economía (National Network on Gender and Economics), Mexico  
Share The World's Resources (STWR), UK  
Siembra, A.C., Mexico  
Sisters of the Presentation, England  
Society of the Divine Savior, Italy  
Southern and East African Trade Institute, SEATINI (South Africa Chapter)  
Union of Sisters of the Presentation of the Blessed Virgin Mary  
War on Want, UK  
WEED – World Economy, Ecology & Development, Germany  
World Development Movement, UK