



NEWS

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NGSA Recommends Changes to Proposed CFTC Position Limits Rule

(Washington, D.C.) – As written, the Commodity Futures Trading Commission’s (CFTC) proposed position limits rule does not incorporate adequate measures to keep the rule reasonable and workable, according to comments filed by the Natural Gas Supply Association (NGSA) today. NGSA provided several specific recommendations to improve the rule in its comments.

“Markets can function well with position limits that are appropriately set and bona fide hedging that is appropriately managed,” said Dena E. Wiggins, president and CEO of NGSA. Wiggins serves on the CFTC’s Energy and Environmental Matters Advisory Committee and participated in its February 2015 meeting on position limits. “Unfortunately, the proposed rule gets it wrong on all counts.”

“In order to make position limits and the bona fide hedge exemption right, the rule must focus on physically-settled spot-month contracts and be updated to establish a reasonably current estimate of deliverable natural gas supply,” explained Jenny Fordham, NGSA senior vice president, government affairs. “It’s imperative that the CFTC make those improvements. Without them, the rule could discourage legitimate risk management activities that are used by natural gas companies to protect consumers from commodity price changes.” Bona fide hedges are exempted from speculative position limits in order to preserve the ability of commercial participants to manage their risk.

In addition to calling on the CFTC to focus on physically-settled contracts in the spot month and to update its deliverable supply figures, NGSA recommended that the Commission delegate to exchanges such as CME and ICE the authority to administer controls on position limits and review hedges.

NGSA’s [full comments are posted here](#) on ngsa.org.

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The Natural Gas Supply Association (NGSA) represents integrated and independent companies that supply natural gas. Established in 1965, NGSA encourages the use of natural gas within a balanced national energy policy, and promotes the benefits of competitive markets, thus encouraging increased supply and the reliable and efficient delivery of natural gas to U.S. customers. For more information, please visit www.ngsa.org and www.naturalgas.org.

Markets Matter: Representing America’s Major Producers and Suppliers of Natural Gas Since 1965