

## NEWS

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### **Overly-broad Position Limits Proposal Would Discourage Good Risk Management Practices, Says NGSA**

(Washington, D.C.) -- The Commodity Futures Trading Commission's (CFTC) proposed rule on position limits for derivatives goes beyond the intent of Dodd-Frank by discouraging legitimate risk management activities that are used by natural gas companies to protect consumers from commodity price changes, according to the Natural Gas Supply Association (NGSA).

"As currently envisioned, the proposed position limits rule will limit natural gas companies' access to risk management tools used for hedging while unnecessarily subjecting them to increased position limit requirements," said Jenny Fordham, NGSA's vice president, markets. She said, "Ultimately these costs will find their way to consumers or could come at the expense of business investment and growth."

NGSA said that portions of the proposed rule and guidance go beyond statutory directives and goals. Fordham said, "Rather than protecting consumers and reducing market risk as Congress intended, the proposed position limits would raise market risk and consumer costs - without any significant benefit to the U.S. financial system."

In its comments, NGSA provided seven specific recommendations to the Commission. In general, the recommendations would clarify and preserve appropriate bona fide hedging exemptions, remove Trade Options from speculative position limits, increase Henry Hub spot-month position limits and change the aggregation standard.

Fordham said, "We believe the intent behind position limits is to curb excessive speculation, not to foreclose or discourage legitimate risk management activities used by commercial market participants."

Click [here](#) to read NGSA's complete 45-page comment letter to CFTC on Position Rule.

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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 to ensure reliable and efficient transportation and delivery of natural gas and to increase the supply of natural gas to U.S. customers. For more information, please visit [www.ngsa.org](http://www.ngsa.org).