



June 22, 2015

**VIA ONLINE SUBMISSION**

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

**RE: Proposed Rule on Trade Options (RIN 3038-AE26)**

Dear Mr. Kirkpatrick:

By this letter, the Natural Gas Supply Association (“NGSA”) respectfully submits these comments in support of the U.S. Commodity Futures Trading Commission’s (the “CFTC’s” or “Commission’s”) Proposed Rule on Trade Options, 80 Fed. Reg. 26200-26210 (May 7, 2015) (the “Proposed Rule”).

The CFTC has proposed several amendments to the trade option reporting exemption that are intended to facilitate the use of trade options by commercial end-users to hedge against physical market risks. The changes also provide the Commission with oversight ability by formalizing the \$1 billion notification threshold found in the CFTC’s No-Action Relief Letter from April 5, 2013.<sup>1</sup>

The elimination of Part 45 reporting and the Form TO Notice Filing (“Form TO”) requirement for non-swap dealer/major swap participant (“non-SD/MSPs” or “end-users”) counterparties to trade options will eliminate costs that stem from those reporting efforts, and this is a welcome change in reporting requirements. It should be noted that maintaining “full and complete” records still leaves end-users with a compliance obligation.

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<sup>1</sup> CFTC Letter No. 13-08, Relief from the Reporting Requirements of §32.3(b)(1) of the Commission’s Regulations, and Certain Recordkeeping Requirements of §32.3(b), for End Users Eligible for the Trade Option Exemption

NGSA agrees with Commissioner Giancarlo's view that the Commission should take this opportunity to address the relationship of trade options to federal speculative position limits and definitively exclude trade options from the scope of any federal speculative position limits regime. Trade options are physical delivery contracts, and speculative position limits are not appropriately applied to such contracts. The Commission should resolve all compliance uncertainty surrounding trade options in this rule so that parties know the full regulatory obligations surrounding trade options.

Established in 1965, NGSA represents integrated and independent companies that produce and market approximately 40 percent of the natural gas consumed in the United States. 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. consumers.

NGSA supports the Proposed Rule and urges the Commission to resolve all regulatory uncertainty surrounding trade options by definitively excluding trade options from any federal speculative position limits regime. NGSA welcomes the opportunity to discuss these comments and further improvements with the Commission. If we can provide any additional information, please do not hesitate to contact us.

Sincerely,

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