



Futures Industry Association

2001 Pennsylvania Ave. NW

Suite 600

Washington, DC 20006-1823

202.466.5460

202.296.3184 fax

www.futuresindustry.org

By Electronic Mail

October 1, 2009

Mr. David A. Stawick
Secretary
Commodity Futures Trading Commission
1155 21st Street NW
Washington DC 20581

Re: COT/DCOT Reports

Dear Mr. Stawick:

The Futures Industry Association (“FIA”)¹ welcomes the opportunity to submit this letter in response to the request for comment included in the joint statement of Commissioners Dunn and Sommers regarding the Commodity Futures Trading Commission’s (“Commission’s”) recent changes to the Commitment of Traders Report (“COT”).

FIA appreciates the complexities involved in providing the public with accurate and useful information regarding participation in the futures markets, and supports the Commission’s long-standing policy of soliciting comments from the public prior to making changes that affect market participants. FIA supports the Commission’s authority to take quick action in emergency situations. However, FIA doesn’t believe that the circumstances surrounding amendment of the COT constituted an emergency and FIA urges the Commission to whenever practicable continue to solicit prior public comment and in doing so leverage the experience and expertise of market participants.

Review of the explanatory notes accompanying the Disaggregated Commitment of Traders Report (“DCOT”) and discussion with members and other market participants leave the FIA with concerns regarding categorization of firms for purposes of the DCOT. FIA understands that the decision is based on information included in Form 40, other information available to the Commission, and potentially on discussions with the firms to be categorized, with the determination ultimately based on the Commission’s finding of a trader’s ‘predominant’ activity. FIA believes it would be helpful if the Commission provided a definition of ‘predominant’ in

¹ FIA is a principal spokesman for the commodity futures and options industry. FIA’s regular membership is comprised of approximately 30 of the largest futures commission merchants (“FCMs”) in the United States. Among FIA’s associate members are representatives from virtually all other segments of the futures industry, both national and international. Reflecting the scope and diversity of its membership, FIA estimates that its members effect more than eighty percent of all customer transactions executed on United States contract markets.

this context, and provided detail on what types of firms are included within each category. Additionally, FIA suggests that the Commission establish a procedure for traders who disagree with the category within which the Commission places them to raise the issue for review.

In light of the fact that categorization based on predominant activity might be misleading to unsophisticated market participants who may not be attentive to the fact that the non-predominant activity of traders included within a category could be, in aggregate, a significant portion of the trading represented under the category, FIA suggests that the Commission include in the DCOT an explanatory footnote highlighting that possibility.

FIA understands there may be public interest in further disaggregation of the COT/DCOT, but we question whether users of the report would find it valuable unless accompanied by corresponding conversion of several years of historic COT reports. While FIA has supported and continues to support strong and transparent futures markets, and appreciates the public service provided by the Commission in the form of COT/DCOT reports, we question whether Commission resources would not be better employed supporting its core regulatory missions rather than further parsing and reconstructing traders' data.

Finally, FIA is aware of and supports CME Group's suggestions to improve Form 40, and looks forward to providing comments to any re-draft of the form which the Commission publishes for comment.

FIA appreciates this opportunity to comment on recent changes to the COT/DCOT and hopes the Commission will publish for public comment any additional amendment it proposes to make to the reports. If the Commission has any questions concerning the matters discussed in this letter, please contact Tammy Botsford, FIA's Vice President and Assistant General Counsel, at (202) 466-5460.

Sincerely,



John M. Damgard
President

cc: Honorable Gary Gensler, Chairman
Honorable Michael Dunn, Commissioner
Honorable Jill E. Sommers, Commissioner
Honorable Bart Chilton, Commissioner
Thelma Diaz