

OTZ VOR/DME (Lat. 66°53'08" N., long. 162°32'24" W.)
 SCC VOR/DME (Lat. 70°11'57" N., long. 148°24'58" W.)

* * * * *

Q-14 ODK to JOH [New]

ODK VORTAC (Lat. 57°46'30" N., long. 152°20'23" W.)
 WUXAN WP (Lat. 59°53'00" N., long. 149°00'00" W.)
 JOH VOR/DME (Lat. 60°28'51" N., long. 146°35'58" W.)

* * * * *

Q-16 ODK to MDO [New]

ODK VORTAC (Lat. 57°46'30" N., long. 152°20'23" W.)
 ZAXUM WP (Lat. 58°41'15" N., long. 147°53'26" W.)
 MDO VOR/DME (Lat. 59°25'19" N., long. 146°21'00" W.)

* * * * *

Q-17 HOM to MDO [New]

HOM VOR/DME (Lat. 59°42'34" N., long. 151°27'24" W.)
 WUXAN WP (Lat. 59°53'00" N., long. 149°00'00" W.)
 MDO VOR/DME (Lat. 59°25'19" N., long. 146°21'00" W.)

* * * * *

Q-18 GAL to BRW [New]

GAL VORTAC (Lat. 64°44'17" N., long. 156°46'38" W.)
 BRW VOR/DME (Lat. 71°16'24" N., long. 156°47'17" W.)

* * * * *

Issued in Washington, DC, on March 9, 2005.

Edith V. Parish,

Acting Manager, Airspace and Rules.

[FR Doc. 05-5094 Filed 3-14-05; 8:45 am]

BILLING CODE 4910-13-P

COMMODITY FUTURES TRADING COMMISSION

17 CFR Part 150

RIN 3038-AC24

Revision of Federal Speculative Position Limits

AGENCY: Commodity Futures Trading Commission.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Commodity Futures Trading Commission (Commission) periodically reviews its policies and rules pertaining to the regulatory framework for speculative position limits, including the speculative position limits set out in Commission regulation 150.2 (Federal speculative position limits). In this regard, the Commission has reviewed the existing levels for Federal speculative position limits and is now proposing to increase these limits for all single-month and all-months-combined positions. In addition, the Commission is proposing to delete several obsolete provisions that relate to contracts that are no longer listed for trading or to DCMs that no longer exist. The Commission is requesting comment on these rule amendments.

DATES: Comments must be received on or before April 14, 2005.

ADDRESSES: Comments should be submitted to Jean A. Webb, Secretary, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW., Washington, DC 20581. Comments also may be sent by facsimile to (202) 418-5521, or by electronic mail to *secretary@cftc.gov*. Reference should be made to "Proposed Revision of Federal Speculative Position Limits." Comments may also be submitted by connecting to the Federal eRulemaking Portal at *http://www.regulations.gov* and following comment submission instructions.

FOR FURTHER INFORMATION CONTACT: Clarence Sanders, Attorney, Division of Market Oversight, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW., Washington, DC 20581, telephone (202) 418-5068, facsimile number (202) 418-5507, electronic mail *csanders@cftc.gov*; or Martin Murray, Economist, Division of Market Oversight, telephone (202) 418-5276, facsimile number (202) 418-5507, electronic mail *mmurray@cftc.gov*.

SUPPLEMENTARY INFORMATION:

I. Background

A. Introduction

The Commission has long established and enforced speculative position limits for futures contracts on various agricultural commodities. The Commission periodically reviews its policies and rules pertaining to the

regulatory framework for speculative position limits, including the Federal speculative position limits set out in Commission regulation 150.2.¹ Also, during March, April, and May, 2004, the Chicago Board of Trade (CBT), the Kansas City Board of Trade (KCBT), and the Minneapolis Grain Exchange (MGE) submitted separate petitions to the Commission seeking repeal or amendment of Commission regulation 150.2. In addition, the New York Board of Trade (NYBOT), while not submitting a formal petition of its own, submitted a letter in agreement with the action sought by the petitions.

The Commission published the petitions submitted by the designated contract markets (DCMs) in the **Federal Register** for comment on June 17, 2004, and received eight comments in response. Based upon the petitions and the comments received, the Commission has reexamined the particular levels set for Federal speculative position limits. In this regard, the Commission has reviewed the existing levels for Federal speculative position limits and is now proposing to increase these limits for all single-month and all-months-combined positions. In particular, the Commission is proposing to increase levels for single-month and all-months-combined positions for CBT Corn, Oats, Soybeans, Wheat, Soybean Oil, and Soybean Meal;

¹ Regulation 150.2 imposes three types of position limits for each specified contract: A spot month limit, a single-month limit, and an all-months-combined limit. The Commission most recently adopted amendments to levels for Federal speculative limits in 1999 (*see* 64 FR 24038, May 5, 1999).

MGE Hard Red Spring Wheat; KCBT Hard Winter Wheat, and NYBOT Cotton No. 2. In addition, the spot month limits for all of these commodities would remain unchanged. Finally, the Commission is proposing to delete several obsolete provisions in part 150 that relate to contracts that are no longer listed for trading or to DCMs that no longer exist.² The Commission is requesting comment on these rule amendments.

B. Regulatory Framework

Speculative position limits have been a tool for the regulation of the U.S. futures markets since the adoption of the Commodity Exchange Act of 1936. Section 4a(a) of the Commodity Exchange Act (Act), 7 U.S.C. 6a(a), states that:

Excessive speculation in any commodity under contracts of sale of such commodity for future delivery made on or subject to the rules of contract markets or derivatives transaction execution facilities causing sudden or unreasonable fluctuations or unwarranted changes in the price of such commodity, is an undue and unnecessary burden on interstate commerce in such commodity.

Accordingly, section 4a(a) provides the Commission with the authority to:

Fix such limits on the amounts of trading which may be done or positions which may be held by any person under contracts of sale of such commodity for future delivery on or subject to the rules of any contract market or derivatives transaction execution facility as the Commission finds are necessary to diminish, eliminate, or prevent such burden.

This longstanding statutory framework providing for Federal speculative position limits was supplemented with the passage of the Futures Trading Act of 1982, which acknowledged the role of exchanges in setting their own speculative position limits. The 1982 legislation also provided, under section 4a(e) of the Act, that limits set by exchanges and approved by the Commission were subject to Commission enforcement.

Finally, the Commodity Futures Modernization Act of 2000 (CFMA) established designation criteria and core principles with which a DCM must comply to receive and maintain designation. Among these, Core

² Commission regulation 150.2 currently includes Federal speculative position limits for agricultural commodities traded on the MidAmerica Commodity Exchange (MidAm) and for the white wheat futures contract traded on MGE. These provisions relating to the MidAm and the MGE white wheat futures contract are obsolete and are proposed for repeal as part of this action. In addition, reference to the New York Cotton Exchange is being changed to NYBOT to reflect a change in corporate organization.

Principle 5 in section 5(d) of the Act states:

Position Limitations or Accountability—To reduce the potential threat of market manipulation or congestion, especially during trading in the delivery month, the board of trade shall adopt position limitations or position accountability for speculators, where necessary and appropriate.

As outlined above, the regulatory structure is administered under a two-pronged framework. Under the first prong, the Commission establishes and enforces speculative position limits for futures contracts on a limited group of agricultural commodities. These Federal limits are enumerated in Commission regulation 150.2, and apply to the following futures and option markets: CBT corn, oats, soybeans, wheat, soybean oil, and soybean meal; MGE hard red spring wheat and white wheat; NYBOT cotton No. 2; and KCBT hard winter wheat. Under the second prong, individual DCMs establish and enforce their own speculative position limits or position accountability provisions, subject to Commission oversight and separate authority to enforce exchange-set speculative position limits approved by the Commission. Thus, responsibility for enforcement of speculative position limits is shared by the Commission and the DCMs.³

C. Petitions for Rulemaking

The Commission has received three petitions for rulemaking and a NYBOT letter in support thereof.⁴ The first of these was submitted by the CBT in letters dated March 26, 2004, and April 27, 2004, the second by the KCBT in a letter dated April 27, 2004, and the third by the MGE in a letter dated May 20, 2004. NYBOT, while not submitting a formal petition of its own, submitted a May 27, 2004, letter stating that it fully supports the CBT petition.

The CBT petition requests that the Commission repeal regulation 150.2 and

³ Provisions regarding the establishment of exchange-set speculative position limits were originally set forth in CFTC regulation 1.61. In 1999, the Commission simplified and reorganized its rules by relocating the substance of regulation 1.61's requirements to part 150 of the Commission's rules, thereby incorporating within part 150 provisions for both Federal speculative position limits and exchange-set speculative position limits (see 64 FR 24038, May 5, 1999). Section 4a(e) provides that a violation of a speculative position limit set by a Commission-approved exchange rule is also a violation of the Act. Thus, the Commission can enforce directly violations of exchange-set speculative position limits as well as those provided under Commission rules.

⁴ Commission regulation 13.2 states in pertinent part that "any person may file a petition with the Secretariat of the Commission for the issuance, amendment, or repeal of a rule of general application."

thereby eliminate the Federal speculative position limits for all commodity markets enumerated under that rule. The KCBT petition requests that the Commission repeal that part of regulation 150.2 pertaining to Federal speculative position limits for the KCBT hard winter wheat contract. The MGE petition also seeks repeal of regulation 150.2 as it relates to Federal speculative limits for the MGE contract in hard red spring wheat.⁵

Alternatively, should the Commission determine to retain regulation 150.2, all of the petitioners request that the Commission either (1) retain Federal speculative limits only for the spot or delivery month while eliminating Federal speculative limits for single-month and all-months-combined positions, or (2) in lieu of eliminating non-spot-month Federal speculative limits, increase most of the single-month and all-months-combined limits currently found in Commission regulation 150.2. Thus, although the petitions present a range of regulatory alternatives, one essential element embedded in the petitions involves an increase in speculative position limits for non-spot single months and/or in all-months-combined.

The petitions acknowledge that the Commission may determine to retain these limits. As noted, under that alternative, the DCMs seek an increase in most of the existing single-month and all-months-combined position limits. In particular, the CBT requests that the Commission amend that regulation to increase the single-month and all-months-combined speculative position limits for the corn, soybeans, wheat, soybean oil, and soybean meal contracts traded at the CBT to the maximum levels that would be permitted if the Commission were to apply the open interest formula found in Commission regulation 150.5 to set all-months combined levels, and to adjust the single month limits to reflect the existing ratio of single month to all-months-combined levels.⁶

Using open interest data for calendar year 2003 (the most recent year at the time the petitions were submitted), the CBT proposed the following:

⁵ The Commission notes that if regulation 150.2 were to be repealed in its entirety, DCMs would be required to have speculative position limit or position accountability provisions consistent with section 5(d)(5) of the Act and part 38 of the Commission's regulations.

⁶ The CBT has also separately submitted for Commission approval proposed amendments to the CBT's own speculative position limit rules for corn, soybeans, wheat, soybean oil, and soybean meal. The CBT's request has been stayed until such time as the Commission may act to amend the Federal speculative position limits.

| CBT contract | Single month limit (by contracts) | | All months limit (by contract) | |
|--------------------|--------------------------------------|----------|-----------------------------------|----------|
| | Current | Proposed | Current | Proposed |
| Corn | 5,500 | 10,000 | 9,000 | 17,000 |
| Soybeans | 3,500 | 6,500 | 5,500 | 10,000 |
| Wheat | 3,000 | 4,500 | 4,000 | 5,500 |
| Soybean Oil | 3,000 | 4,500 | 4,000 | 6,500 |
| Soybean Meal | 3,000 | 4,500 | 4,000 | 6,000 |

The CBT cites several justifications in support of the approach it took in proposing these levels. Among these, the CBT notes that it conducted a survey of the agricultural trading community and found that a majority of respondents supported an increase in single-month and/or all-months-combined limits. Additionally, the CBT notes that most respondents supporting an increase in limits also sought to retain the same approximate ratio of single-month to all-months-combined limits. The CBT asserts that the proposed higher levels conform to this standard and preserve the same approximate ratio as sought by survey respondents.

The CBT also comments that the proposed increases to the all-months combined levels noted above are consistent with the percentage of open interest formula (using data for calendar year 2003) included in regulation 150.5, which the Commission has applied in the past when it initiated action to increase CBT agricultural commodity limits to their present levels (57 FR 12766, April 13, 1992, and 64 FR 24038, May 5, 1999), and which continues to serve as an acceptable practice for the establishment of Exchange-set speculative position limits. In particular, regulation 150.5 stipulates that all-months-combined limit levels for tangible commodities should be set at levels no greater than 10% of the average combined futures and delta-adjusted option month-end open interest for the most recent calendar year up to 25,000 contracts with a marginal increase of 2.5% thereafter.

The CBT further notes that its proposed single-month speculative position limits were set to retain the same approximate ratio of single-month to all-months-combined limits as requested by respondents to its above-mentioned survey, and that the proposed limits would not be extraordinarily large relative to total open positions in the contracts, the breadth and liquidity of the cash market underlying each delivery month, and the opportunity for arbitrage between the futures market and the cash market.

The KCBT and MGE both request that the Commission continue to maintain “parity” in speculative position limit levels across wheat exchanges. The KCBT notes that growth in trading volume has been strong in recent years, and attributes this growth to the maintenance of parity in speculative limits among exchanges. The KCBT further observes that the increased growth in volume since 1999 has attracted commodity fund business to the KCBT wheat market, and maintains that failure to retain parity in speculative limits could cause a loss in fund business to other markets with higher limits. In addition, the KCBT remarks that significant trading volume is generated from arbitrage opportunities that exist between markets, and that differing limits between exchanges could affect the growth potential for inter-market spread volume. Finally, the KCBT comments that reportable commercial traders continue to hold the majority of open interest in KCBT wheat futures, and that increasing speculative limits would permit an increase in speculative activity and in turn increase liquidity to the benefit of commercial users.

The MGE notes that Federal speculative limits were most recently increased during 1999, and concludes that this increase was intended to recognize the greater activity in wheat futures trading. The MGE states that it has not observed any increased susceptibility to manipulation or price distortion in the hard red spring wheat contract during the period following the increase in Federal speculative limits. Rather, the MGE remarks that the increase in Federal speculative limits appears to have added liquidity and stability to the marketplace. The MGE notes that speculative limits historically have been uniform at the three domestic DCMs trading wheat contracts and that failure to maintain this equality would be unfairly discriminatory, not only to the MGE, but also to its market participants. In this regard, the MGE observes that many traders at the MGE, and in particular the commodity funds, utilize arbitrage opportunities among the wheat markets, and that any

disparate treatment in speculative limits could drive away participants and reduce market liquidity.

As noted, NYBOT did not submit a petition of its own, but instead submitted a letter supporting the CBT petition. The NYBOT letter also suggests an alternative in the event that the Commission determines not to repeal regulation 150.2. Specifically, the NYBOT comment letter includes a request that the all-months-combined limit for Cotton No. 2 be increased from 3,500 contracts to 4,000 contracts.⁷ The NYBOT letter supports this request on the basis of growth in open interest in the Cotton No. 2 futures contract, based on the open interest test specified in regulation 150.5 and using data for calendar year 2003.

D. Response to Petitions

As previously noted, the Commission published the DCMs' request in the **Federal Register** on June 17, 2004 (see 69 FR 33874, June 17, 2004). Along with the petitions, the Commission posed six questions, including a request for comment on general issues raised by the DCMs' petitions, such as whether any Federal speculative limits should be retained. In addition, the Commission requested comment on specific issues relating to the current composition of Part 150 of the Commission's regulations, including whether the speculative limit levels found in Commission regulation 150.2 should be increased. The comment period closed on August 16, 2004, and eight comment letters were received in response to the **Federal Register** notice. Comments were received from an agricultural producer, a grain company, a DCM, a CTA, and several commercial associations, including one comment letter signed jointly by six separate agricultural associations.

Of the eight comment letters received, three generally opposed the petitions and five generally supported the

⁷ Currently, the NYBOT does not have its own speculative position limit provisions for cotton No. 2 but has submitted proposed amendments that would establish such limits. NYBOT's request has been stayed until such time as the Commission may act to amend the Federal speculative position limits.

petitions. There were some differences among those both favoring and opposing the petitions. For example, one commenter, although in nominal support of the petitions, conditioned that support with a recommendation that the Commission review for prior approval any DCM-proposed changes in speculative position limits for agricultural commodities.

The comment letter signed by the six agricultural associations discussed at length the DCMs' petitions and the questions posed by the Commission. In particular the associations indicated support for "the concept of expanded speculative limits" but at the same time opposed the DCMs' request that the Commission repeal regulation 150.2. With respect to the DCMs' request that the single- and all-months-combined position limits be increased, the associations responded that the new levels proposed by the CBT should be reviewed according to existing Commission criteria for each of the indicated contract markets. The associations acknowledged that such a review may support increased speculative position limits for some of the contracts. The associations also supported the request of the KCBT and MGE that position limit parity be retained among the wheat contracts traded on each of the petitioning DCMs.

II. Commission Speculative Position Limit Levels

The Commission is proposing several revisions to the speculative position

limit levels found in regulation 150.2 based upon its experience in administering these limits and after carefully considering the DCM petitions and the comments received in response to the petitions for rulemaking. Under the proposed revisions, spot month limits would remain unchanged from the current levels, but every single-month and all-months-combined position limit would be increased. In general, the proposed levels for all-months-combined were established considering the open interest formula noted above and based on data for the most recent calendar year, *i.e.*, 2004, as well as other pertinent considerations as explained below. With respect to the individual month limits, a strict application of the open interest formula contained in regulation 150.5 would have resulted in somewhat lower individual month limits for some commodities and higher limits for others than those proposed below. However, the Commission believes there is merit in the argument that maintaining the existing ratios between single-month and all-months-combined speculative position limit levels is of benefit to the marketplace, and thus the Commission is proposing to establish individual-month limits that are consistent with that approach.

In addition, with respect to the MGE and KCBT wheat contracts, the Commission proposes to maintain parity with the levels proposed for CBT wheat rather than establish different limits

based on the open interest formula for each contract. The Commission first adopted this parity approach in an action to revise position limits in 1993 (*see* 58 FR 17973, April 7, 1993). At that time the Commission concluded that the breadth and liquidity of the cash markets underlying the KCBT and MGE wheat contracts justified setting these limits at parity with little risk of regulatory harm from such action. 58 FR at 17979. The Commission continues to believe that the breadth and liquidity of underlying cash markets, as well as continued growth in open interest, for the KCBT and MGE wheat contracts support maintenance of these speculative position limit levels at parity with one another.

The Commission is also clarifying in regulation 150.2 its practice of aggregating traders' positions for purposes of ascertaining compliance with Federal speculative position limits when a DCM lists for trading two or more contracts with substantially identical terms based on the same underlying commodity characteristics. In particular, the aggregation requirement applies to the CBT's corn and mini-sized corn, soybeans and mini-sized soybeans, and wheat and mini-sized wheat futures and option contracts.

Based on the criteria noted above, the Commission is proposing the following changes to the Federal speculative position limits.

SPECULATIVE POSITION LIMITS

[By contract]

| Contract | Spot month | Single month | | All months | |
|-----------------------------------|------------|--------------|----------|------------|----------|
| | No change | Current | Proposed | Current | Proposed |
| Chicago Board of Trade | | | | | |
| Corn & Mini-Corn | 600 | 5,500 | 13,500 | 9,000 | 22,000 |
| Oats | 600 | 1,000 | 1,400 | 1,500 | 2,000 |
| Soybeans & Mini-Soybeans | 600 | 3,500 | 6,500 | 5,500 | 10,000 |
| Wheat & Mini-Wheat | 600 | 3,000 | 5,000 | 4,000 | 6,500 |
| Soybean Oil | 540 | 3,000 | 5,000 | 4,000 | 6,500 |
| Soybean Meal | 720 | 3,000 | 5,000 | 4,000 | 6,500 |
| Minneapolis Grain Exchange | | | | | |
| Hard Red Spring Wheat | 600 | 3,000 | 5,000 | 4,000 | 6,500 |
| New York Board of Trade | | | | | |
| Cotton No. 2 | 300 | 2,500 | 3,500 | 3,500 | 5,000 |
| Kansas City Board of Trade | | | | | |
| Hard Winter Wheat | 600 | 3,000 | 5,000 | 4,000 | 6,500 |

As noted above, the Commission has at this time determined to retain Federal speculative position limits at the increased levels proposed herein, notwithstanding that the DCM petitions

sought their elimination and replacement with DCM-administered speculative position limit provisions. The Commission, however, intends to continue its review of its current

policies regarding the administration of speculative position limits, including a further evaluation of the merits of retaining Federal speculative limits. At the same time, the Commission notes

that Exchanges may determine to establish, pursuant to sections 4a(e) and 5c(c) of the Act, their own speculative position limits at levels less than the Federal levels.⁸

At this time, the Commission does not intend to expand the scope of regulation 150.2 by including futures contracts that are not already enumerated therein, except, as noted above, in the limited case when such contracts would share substantially identical terms with an existing enumerated contract on the same DCM.⁹ In this regard, Federal speculative position limits would not apply to the CBT's South American soybean contract or the MGE's cash-settled hard red spring wheat futures contract because these contracts have substantially different commodity characteristics than related contracts currently enumerated under regulation 150.2. Rather, in cases where a new contract's terms and conditions deviate from those of the enumerated contract list, the Commission will rely upon the DCMs to establish speculative position limit or position accountability provisions for such contracts consistent with the requirements of section 5(d)(5) of the Act and part 38 of the Commission's regulations.¹⁰

Finally, the Commission notes that existing regulation 150.2 also provides for speculative limits for agricultural commodities traded on the MidAm and for the white wheat futures contract traded on MGE. These provisions relating to the MidAm and the MGE white wheat futures contract are obsolete and are proposed for repeal as part of this action. In addition, the reference to the New York Cotton Exchange is being changed to NYBOT to reflect a change in corporate organization.

⁸Pursuant to subsection 5c(c)(2)(B) prior Commission approval is required before a DCM implements a rule that materially changes the terms and conditions, as determined by the Commission, in any contract of sale for future delivery of a commodity specifically enumerated in section 1a(4) of the Act (or any option thereon) traded through its facilities if the rule amendment applies to contracts and delivery months which have already been listed for trading and have open interest.

⁹The Commission also notes that should a DCM list a contract that shared substantially identical terms with a Regulation 150.2-enumerated contract listed on another DCM, the Commission could consider at that time whether to amend regulation 150.2 to likewise apply Federal limits to the newly-listed contract.

¹⁰For example, the CBT and the MGE have established Exchange-set speculative position limits for the South American soybean and the cash-settled national hard red spring wheat index futures contracts, respectively.

III. Related Matters

A. Cost Benefit Analysis

Section 15(a) of the Act requires the Commission to consider the costs and benefits of its action before issuing a new regulation under the Act. By its terms, section 15(a) does not require the Commission to quantify the costs and benefits of a new regulation or to determine whether the benefits of the proposed regulation outweigh its costs. Rather, section 15(a) requires the Commission to "consider the costs and benefits" of the subject rule.

Section 15(a) further specifies that the costs and benefits of the proposed rule shall be evaluated in light of five broad areas of market and public concern: (1) Protection of market participants and the public; (2) efficiency, competitiveness, and financial integrity of futures markets; (3) price discovery; (4) sound risk management practices; and (5) other public interest considerations. The Commission may, in its discretion, give greater weight to any one of the five enumerated areas of concern and may, in its discretion, determine that, notwithstanding its costs, a particular rule is necessary or appropriate to protect the public interest or to effectuate any of the provisions or to accomplish any of the purposes of the Act.

The proposed rules impose limited additional costs in terms of reporting requirements, particularly since entities trading in or holding large positions, who either approach or meet the speculative limits of the rules herein, already file large trader reports with the Commission. Moreover, the amendments proposed herein would increase Federal speculative limits for some commodities and, to that extent, reduce the compliance costs associated with these speculative position limits. The countervailing benefits to these costs are that the continued inclusion of appropriate speculative limits will help to ensure the maintenance of competitive and efficient markets, protect the price discovery and risk shifting functions, and protect market participants and the public interest.

B. Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA), 5 U.S.C. 601 *et seq.*, requires federal agencies, in proposing rules, to consider the impact of those rules on small businesses. The Commission believes that the proposed rule amendments to raise Commission speculative position limits would only impact large traders. The Commission has previously determined that large traders are not

small entities for purposes of the RFA.¹¹ Therefore, the Acting Chairman, on behalf of the Commission, hereby certifies, pursuant to 5 U.S.C. 605(b), that the action taken herein will not have a significant economic impact on a substantial number of small entities. The Commission also notes in this regard that the proposed rules will raise speculative limit levels and thereby reduce the regulatory burden on all affected entities.

C. Paperwork Reduction Act

When publishing proposed rules, the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)) imposes certain requirements on federal agencies (including the Commission) in connection with their conducting or sponsoring any collection of information as defined by the Paperwork Reduction Act. In compliance with the Act, the Commission, through this rule proposal, solicits comment to: (1) Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including the validity of the methodology and assumptions used; (2) evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information including the validity of the methodology and assumptions used; (3) enhance the quality, utility and clarity of the information to be collected; and (4) minimize the burden of the collection of the information on those who are to respond through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.*, permitting electronic submission of responses.

The Commission has submitted the proposed rule and its associated information collection requirements to the Office of Management and Budget. The proposed rule is part of two approved information collections. The burdens associated with these rules are as follows:

| | |
|------------------------------------|-------------------------------|
| | Collection No. [3038-0009] |
| Average burden hours per response. | .3 |
| Number of respondents | 2946 |
| Frequency of response | On occasion |
| | Collection No. [3038-0013] |
| Average burden hours per response. | 3 |

¹¹47 FR 18618 (April 30, 1982).

| | |
|-----------------------------|-------------------------------|
| | Collection No. [3038-0009] |
| Number of respondents | 9 |
| Frequency of response | On occasion |

List of Subjects in 17 CFR Part 150

Agricultural commodities, Bona fide hedge positions, Commodity futures, Cotton, Grains, Position limits, Spread exemptions.

In consideration of the foregoing, pursuant to the authority contained in

the Commodity Exchange Act, the Commission hereby proposes to amend part 150 of chapter I of title 17 of the Code of Federal Regulations as follows:

PART 150—LIMITS ON POSITIONS

1. The authority citation for part 150 is revised to read as follows:

Authority: 7 U.S.C. 6a, 6c, and 12a(5), as amended by the Commodity Futures Modernization Act of 2000, Appendix E of Pub. L. 106-554, 114 Stat. 2763 (2000).

SPECULATIVE POSITION LIMITS
[In contract units]

| Contract | Spot month | Single month | All months |
|---|------------|--------------|------------|
| Chicago Board of Trade | | | |
| Corn and Mini Corn ¹ | 600 | 13,500 | 22,000 |
| Oats | 600 | 1,400 | 2,000 |
| Soybeans and Mini Soybeans ¹ | 600 | 6,500 | 10,000 |
| Wheat and Mini Wheat ¹ | 600 | 5,000 | 6,500 |
| Soybean Oil | 540 | 5,000 | 6,500 |
| Soybean Meal | 720 | 5,000 | 6,500 |
| Minneapolis Grain Exchange | | | |
| Hard Red Spring Wheat | 600 | 5,000 | 6,500 |
| New York Board of Trade | | | |
| Cotton No. 2 | 300 | 3,500 | 5,000 |
| Kansas City Board of Trade | | | |
| Hard Winter Wheat | 600 | 5,000 | 6,500 |

¹ For purposes of compliance with these limits, positions in the regular sized and mini-sized contracts shall be aggregated.

2. Section 150.2 is revised to read as follows:

§ 150.2 Position limits.

No person may hold or control positions, separately or in combination, net long or net short, for the purchase or sale of a commodity for future delivery or, on a futures-equivalent basis, options thereon, in excess of the following:

Issued by the Commission this 7th day of March, 2005, in Washington, DC.

Jean A. Webb,

Secretary of the Commission.

[FR Doc. 05-5088 Filed 3-14-05; 8:45 am]

BILLING CODE 6351-01-P

DEPARTMENT OF THE INTERIOR

Minerals Management Service

30 CFR Parts 250 and 256

RIN 1010-AD16

Oil, Gas, and Sulphur Operations and Leasing in the Outer Continental Shelf (OCS)—Cost Recovery

AGENCY: Minerals Management Service (MMS), Interior.

ACTION: Proposed rule.

SUMMARY: MMS proposes to modify its regulations to change some existing fees and implement several new fees. The proposed fees would offset MMS's costs of performing certain services relating to its minerals programs.

DATES: MMS will consider all comments received by April 14, 2005. MMS may

not fully consider comments received after April 14, 2005.

ADDRESSES: You may submit comments on the rulemaking by any of the following methods listed below. Please use 1010-AD16 as an identifier in your message. See also Public Comment Procedures under Procedural Matters.

- MMS's Public Connect on-line commenting system, <https://occonnect.mms.gov>. Follow the instructions on the Web site for submitting comments.
- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions on the Web site for submitting comments.
- E-mail MMS at rules.comments@mms.gov. Identify the Regulation Identifier Number (RIN) in the subject line.
- Fax: (703) 787-1093. Identify the RIN.
- Mail or hand-carry comments to the Department of the Interior; Minerals Management Service; Mail Stop 4024; 381 Elden Street; Herndon, Virginia 20170-4817; Attention: Rules Processing Team (RPT). Please reference "Oil, Gas, and Sulphur Operations and Leasing in the Outer Continental Shelf—

Cost Recovery—AD16" in your comments.

FOR FURTHER INFORMATION CONTACT: Angela Mazzullo, Offshore Minerals Management (OMM) Budget Office at (703) 787-1691.

SUPPLEMENTARY INFORMATION:

Background

Legal Authority and Policy Guidance: The Independent Offices Appropriation Act of 1952 (IOAA), 31 U.S.C. 9701, is a general law applicable Government-wide, that provides authority to MMS to recover the costs of providing services to the non-federal sector. It requires implementation through rulemaking. There are several policy documents that provide guidance on the process of charging applicants for service costs. These policy documents are found in the Office of Management and Budget (OMB) Circular A-25, "User Charges," and the Department of the Interior Departmental Manual (DM), 330 DM 1.3A & 6.4, "Cost Recovery" and "User Charges." The general policy that