

§ 150.2

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first day on which delivery notices can be issued to the clearing organization of a contract market.

(b) *Single month* means each separate futures trading month, other than the spot month future.

(c) *All-months* means the sum of all futures trading months including the spot month future.

(d) *Eligible entity* means—

A commodity pool operator, the operator of a trading vehicle which is excluded or who itself has qualified for exclusion from the definition of the term “pool” or commodity pool operator,” respectively, under §4.5 of this chapter; the limited partner or shareholder in a commodity pool the operator of which is exempt from registration under §4.13 of this chapter; a commodity trading advisor; a bank or trust company; a savings association; an insurance company; or the separately organized affiliates of any of the above entities:

(1) Which authorizes an independent account controller independently to control all trading decisions for positions it holds directly or indirectly, or on its behalf, but without its day-to-day direction; and

(2) Which maintains:

(i) Only such minimum control over the independent account controller as is consistent with its fiduciary responsibilities and necessary to fulfill its duty to supervise diligently the trading done on its behalf; or

(ii) If a limited partner or shareholder of a commodity pool the operator of which is exempt from registration under §4.13 of this chapter, only such limited control as is consistent with its status.

(e) *Independent account controller* means a person—

(1) Who specifically is authorized by an eligible entity, as defined in paragraph (d) of this section, independently to control trading decisions on behalf of, but without the day-to-day direction of, the eligible entity;

(2) Over whose trading the eligible entity maintains only such minimum control as is consistent with its fiduciary responsibilities to fulfill its duty to supervise diligently the trading done on its behalf or as is consistent with such other legal rights or obligations

which may be incumbent upon the eligible entity to fulfill;

(3) Who trades independently of the eligible entity and of any other independent account controller trading for the eligible entity;

(4) Who has no knowledge of trading decisions by any other independent account controller; and

(5) Who is registered as a futures commission merchant, an introducing broker, a commodity trading advisor, an associated person or any such registrant, or is a general partner of a commodity pool the operator of which is exempt from registration under §4.13 of this chapter.

(f) *Futures-equivalent* means an option contract which has been adjusted by the previous day’s risk factor, or delta coefficient, for that option which has been calculated at the close of trading and published by the applicable exchange under §16.01 of this chapter.

(g) *Long* position means a long call option, a short put option or a long underlying futures contract.

(h) *Short* position means a short call option, a long put option or a short underlying futures contract.

(i) For the following commodities, the first delivery month of the “crop year” is as follows:

| Commodity | Beginning delivery month |
|----------------------|--------------------------|
| corn | December. |
| cotton | October. |
| oats | July. |
| soybeans | September. |
| soybean meal | October. |
| soybean oil | October. |
| wheat (spring) | September. |
| wheat (winter) | July. |

[52 FR 38923, Oct. 20, 1987, as amended at 53 FR 41571, Oct. 24, 1988; 56 FR 14315, Apr. 9, 1991; 57 FR 44492, Sept. 28, 1992; 58 FR 17981, Apr. 7, 1993; 64 FR 24046, May 5, 1999]

§ 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:

Commodity Futures Trading Commission

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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.

[70 FR 24706, May 11, 2005]

§ 150.3 Exemptions.

(a) Positions which may exceed limits. The position limits set forth in §150.2 of this part may be exceeded to the extent such position are:

(1) *Bona fide* hedging transactions as defined in §1.3(z) of this chapter;

(2) [Reserved]

(3) Spread or arbitrage positions between single months of a futures contract and/or, on a futures-equivalent basis, options thereon, outside of the spot month, in the same crop year; *provided however*, That such spread or arbitrage positions, when combined with any other net positions in the single month, do not exceed the all-months limit set forth in §150.2; or

(4) Carried for an eligible entity as defined in §150.1(d), in the separate account or accounts of an independent account controller, as defined in §150.1(e), and not in the spot month if there is a position limit which applies to individual trading months during their expiration; *Provided, however*, That the overall positions held or controlled by each such independent account controller may not exceed the limits specified in §150.2.

(i) Additional Requirements for Exemption of Affiliated Entities. If the independent account controller is affiliated with the eligible entity or an-

other independent account controller, each of the affiliated entities must:

(A) Have, and enforce, written procedures to preclude the affiliated entities from having knowledge of, gaining access to, or receiving data about, trades of the other. Such procedures must include document routing and other procedures or security arrangements, including separate physical locations, which would maintain the independence of their activities; *provided, however*, That such procedures may provide for the disclosure of information which is reasonably necessary for an eligible entity to maintain the level of control consistent with its fiduciary responsibilities and necessary to fulfill its duty to supervise diligently the trading done on its behalf;

(B) Trade such accounts pursuant to separately-developed and independent trading systems;

(C) Market such trading systems separately; and

(D) Solicit funds for such trading by separate Disclosure Documents that meet the standards of §4.24 or §4.34 of this chapter, as applicable, where such Disclosure Documents are required under part 4 of this chapter.

(ii) [Reserved]

(b) *Call for information*. Upon call by the Commission, the Director of the Division of Market Oversight or the Director's delegee, any person claiming