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Division of Market Oversight

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Advisory
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Division of Market Oversight

DIVISION OF MARKET OVERSIGHT ADVISORY

Obligation of Reportable Market Participants to File CFTC Form 204 Reports

I. Introduction and Background

The Division of Market Oversight ("DMO") of the Commodity Futures Trading Commission ("Commission") issues this Advisory to remind reportable market participants of their ongoing legal obligation to comply in a timely manner with Regulation 19.01, which, among other things, prescribes the form and manner for submitting Form 204 reports to the Commission for wheat, corn, oats, soybeans, soybean oil, and soybean meal.[1] Timely self-reporting by market participants is critical to the Commission's ability to assess bona fide hedging positions. This Advisory reiterates existing legal requirements and may not be relied upon by any person to seek to excuse past violations.

II. Commission Regulation 19.01 Requirements

Regulation 19.01(a) requires all persons holding or controlling futures or options positions that are reportable pursuant to Regulation 15.00(p)(2) and any part of which constitute bona fide hedging positions as defined in Regulation 1.3(z)[2] to file a Form 204 report showing the composition of the fixed price cash position of each commodity hedged for wheat, corn, oats, soybeans, soybean oil, and soybean meal.[3] Regulation 19.01(b) requires that the Form 204 report be made monthly as of the close of business on the last Friday of the month, and filed with the Commission's Office in Chicago, IL no later than the third business day following the date of the report. That regulation also provides that reports may be transmitted by facsimile or by telephone and mail.

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[1] See 17 CFR § 19.01. Regulations 19.00(a)(1) and 19.00(a)(3) establish which market participants have a legal obligation to file Form 204 reports. DMO is issuing this Advisory specifically to address Form 204 reporting obligations under Regulation 19.00(a)(1).

[2] See 17 CFR § 19.00(a)(1) (citing 17 CFR §§ 15.00(p)(2) and 1.3(z)).

[3] Form 204 can be found on the Commission's website at http://www.cftc.gov/ucm/groups/public/@forms/documents/file/cftcform204.pdf.

DMO reminds all reportable market participants to follow the instructions included on Form 204, which, among other instructions, provides that all quantities of cash positions should be reported in thousand bushel equivalents (i.e., "000" omitted). Failure to file Form 204 reports in a timely manner and follow instructions constitutes a violation of Regulation 19.01, which is actionable under the Commodity Exchange Act ("CEA") and Commission regulations.[4]

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RICHARD A. SHILTS
ACTING DIRECTOR

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[4] See, e.g., sections 6(c)(10) and 6c of the CEA (7 U.S.C. § 15, 13a-1) regarding sanctions for violations of the CEA and Commission regulations, and CEA section 9(a)(5) (7 U.S.C. § 13(a)(5)) regarding criminal penalties for willful violations of Commission regulations.