

COMMENT

06-03

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secretary

From: Markus Penkava [markuspenkava@yahoo.com]
Sent: Tuesday, July 18, 2006 7:24 AM
To: secretary
Subject: COT Reports

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C.F.T.O.

2006 JUL 18 PM 12: 03

GFC. OF THE SECRETARIAT

Received BTC
Market's Section
07/18/06

Dear Sir or Madam:

THE COT REPORT IS VERY VALUABLE

The COT report sets US futures exchanges apart as the most transparent markets in the world. The Report also helps to set a leading free market "best practice" for others to emulate.

In response to your request for comments about the COT report, I feel that some and continuous modification may be justified as markets develop, but to discontinue the Report would be a very large step backwards for free market transparency.

I am an individual trader and rely heavily on COT report data. Your own site shows close to 500,000 users last year. Many others are indirect users who download COT report data from market data providers. The report has been the subject of over 40 University studies, two best selling books and numerous professional trading industry articles and book inclusions.

While the report may need modification, the number and size of exemptions granted by the Commission would seem to demand more transparency, not less. In general, any changes should not result in discontinuing, suspending or delaying the COT report, and the Commission should take precautions to implement report changes in such a way as to maintain continuity with historical data. Without historical reference, the report becomes nearly unintelligible.

PLEASE CORRECT THE HEDGER DATA

Under the Commission's rules a hedge fund buying futures contracts is listed as a speculator and is subject to position limits. However, if the same hedge fund acts through an intermediary swap dealer, it can operate without position limits, and the position is categorized as a "Commercial" under the guise that the swap dealer is now a "bona fide hedger." Should the Commission not agree that this is the same speculative money, than I would prefer to see it listed under a separate category and reserve the hedger category for traditional hedgers only.

I urge you to continue publishing the Reports. They are a valuable tool for investors throughout the world.

Thank you for keeping our markets transparent with full disclosure to the public.

Yours sincerely
Markus Penkava

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