

**NEWS RELEASE**

**ISDA and SIFMA File Lawsuits Challenging  
Commodity Futures Trading Commission's Rule on Position Limits**

**NEW YORK AND WASHINGTON, D.C., December 2, 2011**—The International Swaps and Derivatives Association, Inc. (ISDA) and the Securities Industry and Financial Markets Association (SIFMA) today filed a legal challenge to the Commodity Futures Trading Commission's (CFTC) final rules that limit the positions that investors may own in certain commodities. The Associations believe that the Position Limits Rule may adversely impact commodities markets and market participants, including end-users, by reducing liquidity and increasing price volatility. In addition, the Associations contend that the CFTC's decision-making process in enacting the Rule was procedurally flawed. Among other deficiencies, the CFTC adopted the Rule without making findings as to the necessity and appropriateness of the position limits, as required by statute. Furthermore, the CFTC failed to conduct any meaningful cost-benefit analysis and lacked a reasoned basis for its rule.

"ISDA, SIFMA and our members in the US and around the world strongly support financial regulatory reform that reduces systemic risks and helps to create a more robust and transparent global financial system," said Conrad Voldstad, ISDA Chief Executive Officer, and T. Timothy Ryan, Jr., SIFMA President and Chief Executive Officer. "Unfortunately, the Position Limits Rule as adopted by the CFTC was poorly crafted based on an incorrect reading of the law, and absent any sound economic or cost benefit analysis. It has the potential to harm markets at a time when they can least afford it."

"The evidence is overwhelming that position limits are, at best, unnecessary and may, at worst, negatively impact commodity markets and users," Mr. Voldstad said. "Numerous studies have been conducted by government agencies and others into commodity price volatility and little, if any, support exists for the idea that speculation causes that volatility or that position limits curb speculation."

Mr. Ryan added that, "It is critical that regulatory rulemaking stemming from the Dodd-Frank Act is done right, with the proper analysis to ensure that any new rules do not impede the function of the markets they are meant to protect. The Position Limits rule fails this test. As a result, we are compelled to exercise our rights and seek relief from the courts."

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The Associations have filed suit in federal court in the District of Columbia, alleging that the CFTC:

- Erred in concluding that the Dodd-Frank Act required it to establish position limits without first determining whether they were even necessary;
- Failed to present a reasoned analysis or consider all evidence in setting position limits;
- Failed to conduct an adequate cost-benefit analysis as required by law;
- Conducted a flawed rulemaking process that prevented commenters from meaningfully participating.

For more detail, please read the joint Association [Backgrounder](#) on Position Limits and the [Fact Sheet](#) on the Rule's flaws.

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**About ISDA**

Since 1985, ISDA has worked to make the global over-the-counter (OTC) derivatives markets safer and more efficient. Today, ISDA is one of the world's largest global financial trade associations, with over 825 member institutions from 57 countries on six continents. These members include a broad range of OTC derivatives market participants: global, international and regional banks, asset managers, energy and commodities firms, government and supranational entities, insurers and diversified financial institutions, corporations, law firms, exchanges, clearinghouses and other service providers. Information about ISDA and its activities is available on the Association's web site: [www.isda.org](http://www.isda.org).

**About SIFMA**

The Securities Industry and Financial Markets Association (SIFMA) brings together the shared interests of hundreds of securities firms, banks and asset managers. SIFMA's mission is to support a strong financial industry, investor opportunity, capital formation, job creation and economic growth, while building trust and confidence in the financial markets. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.