

## Amendments to Rule 6.29 - Exemptions

Effective August 15, 2014, subject to conclusion of the applicable regulatory review period, amendments to Rule 6.29 clarify the bases on which the Exchange's Market Regulation Department may grant bona fide hedge exemptions from speculative position limits. As provided in amended Rule 6.29(a), Exchange position limits do not apply to bona fide hedging positions as defined in Section 1.3(z)(1) of the CFTC regulations or to non-enumerated hedging positions which are otherwise determined by the Exchange to be consistent with the purposes of hedging.<sup>1</sup>

Applicants seeking exemptions for hedging positions that are not specifically enumerated in CFTC regulations must provide the Exchange with information that demonstrates the positions are consistent with risk management strategies for the relevant commercial market. In addition, the applicant must establish that the positions for which the exemption is sought reflect current obligations. Anticipated obligations will be considered by the Exchange, as appropriate; the factors used when reviewing exemption requests for anticipated obligations include, but are not limited to, the requestor's historical activity in the relevant commercial market and current futures and cash market conditions. In general, the Exchange uses a facts and circumstances approach when reviewing such exemption requests.

The text of the amended Rules can be found at the link below. If you would like a copy showing language additions and/or deletions, please contact the Corporate Secretary's Office at (212) 748-4082.

<sup>1</sup> Exemptions granted for the Cotton No. 2 contract must comply with the requirements of CFTC Regulation 1.3(z) because it is a product that is subject to Federal position limits.

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