

Making Markets/Providing Liquidity

Engaging in derivatives transactions to assume risk and help transfer ownership of derivative positions from one market participant to another, realizing the bid-ask spread as the return.

E.g. You accept risk by buying and selling futures/options on futures contracts so that other traders can move into and out of positions when they wish. You then find other traders willing to take the other side of those transactions.

Arbitrage

Using derivative markets as part of a strategy designed to realize risk-free profit from pricing anomalies.

E.g. You realize that the wheat futures contract is trading at a discount (even after considering storage, transport, etc.) relative to the wheat cash price, and therefore find it profitable to purchase the wheat futures contract, take delivery, and then resell the wheat in the cash market for a risk-free profit.

Establishing Price Exposure

Using derivative markets as a way to express your belief in the future movement of market prices. This strategy does not involve offsetting risks incidental to your business, but instead involves directional trading.

E.g. You conduct research and believe that crude oil prices are due to rise, so you take long futures positions in crude oil to profit from your predictions.

Financial Asset Management

Using derivatives to diversify, rebalance, or otherwise allocate financial assets so that risks to the value of the investment portfolio are reduced. This strategy is used by entities such as pension funds and endowments to manage overall risk to their financial portfolios.

E.g. You hold Treasury bonds as a component of your investment portfolio, and use futures contracts to reduce overall portfolio risk that would result from falling bond prices.

Managing Proprietary Swaps Exposure

Reducing risk stemming from your proprietary holding or execution of swaps contracts through the use of futures/options on futures markets.

E.g. You trade interest rate swaps as part of your business or investment strategy, and offset some of the risk inherent in those swaps through your use of Eurodollar futures markets.

Other: Specify

List and explain your business purpose if the above categories do not adequately describe the reason you trade in a particular commodity derivative market.

[78 FR 69259, Nov. 18, 2013, as amended at 83 FR 7996, Feb. 23, 2018]

PART 19—REPORTS BY PERSONS HOLDING REPORTABLE POSITIONS IN EXCESS OF POSITION LIMITS, AND BY MERCHANTS AND DEALERS IN COTTON

Sec.

19.00 Who shall furnish information.

19.01 [Reserved]

19.02 Reports pertaining to cotton on call purchases and sales.

19.03 Delegation of authority to the Director of the Division of Enforcement.

19.04–19.10 [Reserved]

APPENDIX A TO PART 19—FORM 304

AUTHORITY: 7 U.S.C. 6g, 6c(b), 6i, and 12a(5).

SOURCE: 86 FR 3455, Jan. 14, 2021, unless otherwise noted.

§ 19.00 Who shall furnish information.

(a) *Persons filing cotton-on-call reports.* Merchants and dealers of cotton holding or controlling positions for future delivery in cotton that are reportable pursuant to § 15.00(p)(1)(i) of this chapter shall file CFTC Form 304.

(b) *Persons responding to a special call.* All persons: Exceeding speculative position limits under § 150.2 of this chapter; or holding or controlling positions for future delivery that are reportable pursuant to § 15.00(p)(1) of this chapter and who have received a special call from the Commission or its designee shall file any pertinent information as instructed in the special call. Filings in response to a special call shall be made within one business day of receipt of the special call unless otherwise specified in the call. Such filing shall be transmitted using the format, coding structure, and electronic data submission procedures approved in writing by the Commission.

§ 19.01 [Reserved]

§ 19.02 Reports pertaining to cotton on call purchases and sales.

(a) *Information required.* Persons required to file CFTC Form 304 reports

under §19.00(a) shall file CFTC Form 304 reports showing the quantity of call cotton bought or sold on which the price has not been fixed, together with the respective futures on which the purchase or sale is based. As used herein, call cotton refers to spot cotton bought or sold, or contracted for purchase or sale at a price to be fixed later based upon a specified future.

(b) *Time and place of filing reports.* Each CFTC Form 304 report shall be made weekly, dated as of the close of business on Friday, and filed not later than 9 a.m. Eastern Time on the third business day following that Friday using the format, coding structure, and electronic data transmission procedures approved in writing by the Commission.

§ 19.03 Delegation of authority to the Director of the Division of Enforcement.

(a) The Commission hereby delegates, until it orders otherwise, the authority in §19.00(b) to issue special calls to the Director of the Division of

Enforcement, or such other employee or employees as the Director may designate from time to time.

(b) The Commission hereby delegates, until it orders otherwise, to the Director of the Division of Enforcement, or such other employee or employees as the Director may designate from time to time, the authority in §19.00(b) to provide instructions or to determine the format, coding structure, and electronic data transmission procedures for submitting data records and any other information required under this part.

(c) The Director of the Division of Enforcement may submit to the Commission for its consideration any matter which has been delegated in this section.

(d) Nothing in this section prohibits the Commission, at its election, from exercising the authority delegated in this section.

§§ 19.04—19.10 [Reserved]

APPENDIX A TO PART 19—FORM 304

CFTC FORM 304**Statement of Cash Positions for Unfixed-Price****Cotton “On Call”**

NOTICE: Failure to file a report required by the Commodity Exchange Act (“CEA” or the “Act”)¹ and the regulations thereunder,² or the filing of a report with the Commodity Futures Trading Commission (“CFTC” or “Commission”) that includes a false, misleading, or fraudulent statement or omits material facts that are required to be reported therein or are necessary to make the report not misleading, may (a) constitute a violation of section 6(c)(2) of the Act (7 U.S.C. 9), section 9(a)(3) of the Act (7 U.S.C. 13(a)(3)), and/or section 1001 of Title 18, Crimes and Criminal Procedure (18 U.S.C. 1001) and (b) result in punishment by fine or imprisonment, or both.

PRIVACY ACT NOTICE

The Commission’s authority for soliciting this information is granted in sections 4i and 8 of the CEA and related regulations (*see, e.g.*, 17 CFR 19.02). The information solicited from entities and individuals engaged in activities covered by the CEA is required to be provided to the CFTC, and failure to comply may result in the imposition of criminal or administrative sanctions (*see, e.g.*, 7 U.S.C. 9 and 13a-1, and/or 18 U.S.C. 1001). The information requested is used by the Commission to prepare its cotton on-call report. The requested information may be used by the Commission in the conduct of investigations and litigation and, in limited circumstances, may be made public in accordance with provisions of the CEA and other applicable laws. It may also be disclosed to other government agencies and to contract markets to meet responsibilities assigned to them by law. The information will be maintained in, and any additional disclosures will be made in accordance with, the CFTC System of Records Notices, available on www.cftc.gov.

¹ 7 U.S.C. 1, *et seq.*

² Unless otherwise noted, the rules and regulations referenced in this notice are found in chapter I of title 17 of the Code of Federal Regulations; 17 CFR chapter I.

BACKGROUND & INSTRUCTIONS

Applicable Regulations:

- 17 CFR 19.00(a) specifies who shall file Form 304.
- 17 CFR 19.02(a) specifies the information required on Form 304.
- 17 CFR 19.02(b) specifies the frequency (weekly), the report date (close of business on Friday), and the time (9 a.m. Eastern Time on the third business day following that Friday) and manner, for filing the Form 304.

Please follow the instructions below to generate and submit the required filing. Relevant regulations are cited in parentheses () for reference. Unless the context requires otherwise, the terms used herein shall have the same meaning as ascribed in parts 15 to 21 of the Commission's regulations.

Complete Form 304 as follows:

The trader identification fields should be completed by all filers. This Form 304 requires traders to identify themselves using their Public Trader Identification Number, in lieu of the CFTC Code Number required on previous versions of the Form 304. This number is provided to traders who have previously filed Forms 40 or 102 with the Commission. Traders may contact the Commission to obtain this number if it is unknown. If a trader has a National Futures Association Identification Number ("NFA ID") and/or a Legal Entity Identifier ("LEI"), the trader should also identify itself using those numbers. Form 304 requires traders to identify the name of the reporting trader or firm and the contact information (including full name, address, phone number, and email address) for a natural person the Commission may contact regarding the submitted Form 304.

Merchants and dealers of cotton shall report on Form 304. Report in hundreds of 500-lb. bales unfixed-price cotton "on-call" pursuant to § 19.02(a) of the Commission's regulations.

Include under “Call Purchases” stocks on hand for which price has not yet been fixed. For each listed stock, report the delivery month, delivery year, quantity of call purchases, and quantity of call sales.

The signature/authorization page shall be completed by all filers. This page shall include the name and position of the natural person filing Form 304 as well as the name of the reporting trader represented by that person. The trader certifying this Form 304 on the signature/authorization page should note that filing a report that includes a false, misleading, or fraudulent statement or omits material facts that are required to be reported therein or are necessary to make the report not misleading, may (a) constitute a violation of section 6(c)(2) of the Act (7 U.S.C. 9), section 9(a)(3) of the Act (7 U.S.C. 13(a)(3)), and/or section 1001 of Title 18, Crimes and Criminal Procedure (18 U.S.C. 1001) and (b) result in punishment by fine or imprisonment, or both.

Submitting Form 304: Once completed, please submit this form to the Commission pursuant to the instructions on www.cftc.gov or as otherwise directed by Commission staff. If submission attempts fail, the reporting trader shall contact the Commission at techsupport@cftc.gov for further technical support.

Please be advised that pursuant to 5 CFR 1320.5(b)(2)(i), you are not required to respond to this collection of information unless it displays a currently valid OMB control number.

Public Trader ID No. [provided by CFTC]		OMB No. 3038-0013	
Identifying Information			
Identification Codes:			
NFA ID		Legal Entity Identifier (LEI)	
Name of Reporting Trader or Firm:			
Name of Person to Contact Regarding This Form:			
First Name	Middle Name	Last Name	Suffix
Contact Information:			
Address	Phone Number	Email Address	

COMMODITY FUTURES TRADING COMMISSION
FORM 304
STATEMENT OF CASH POSITIONS FOR UNFIXED-
PRICE
COTTON "ON-CALL"

<p>NOTICE: Failure to file a report required by the Commodity Exchange Act ("CEA" or the "Act") and the regulations thereunder, or the filing of a report with the Commodity Futures Trading Commission ("CFTC" or "Commission") that includes a false, misleading or fraudulent statement or omits material facts that are required to be reported therein or are necessary to make the report not misleading, may (a) constitute a violation of section 6(e)(2) of the Act (7 U.S.C. 9), section 9(a)(3) of the Act (7 U.S.C. 13(a)(3)), and/or section 1001 of Title 18, Crimes and Criminal Procedure (18 U.S.C. 1001) and (b) result in punishment by fine or imprisonment, or both. Please be advised that pursuant to 5 CFR 1320.5(b)(2)(i), you are not required to respond to this collection of information unless it displays a currently valid OMB control number.</p>			
<p>Unfixed-price Cotton "on-call" pursuant to § 19.02(a); include under "Call Purchases" stocks on hand for which price has not yet been fixed. Report in hundreds of bales (500-lb. bales).</p>			
Delivery Month	Delivery Year	Call Purchases ('00 bales)	Call Sales ('00 bales)

Commodity Futures Trading Commission

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Please sign/authenticate the Form 304 prior to submitting.

Signature/ Electronic Authentication:

- By checking this box and submitting this form (or by clicking “submit,” “send,” or any other analogous transmission command if transmitting electronically), I certify that I am duly authorized by the reporting trader identified below to provide the information and representations submitted on this Form 304, and that to the best of my knowledge the information and representations made herein are true and correct.

Reporting Trader Authorized Representative (Name and Position):

_____ (Name)

_____ (Position)

Submitted on behalf of:

_____ (Reporting Trader Name)

Date of Submission: _____

CFTC Form 304 (XX-XX)

Previous Editions Obsolete

Form 304, Example – July 2020 Call purchases of 200 bales and sales of 1,800 bales;

October Call purchases of 6,600 bales and sales of 8,000 bales.

Unfixed-price Cotton “on-call” pursuant to § 19.02(a); include under “Call Purchases” stocks on hand for which price has not yet been fixed. Report in hundreds of bales (500-lb. bales).			
Delivery Month	Delivery Year	Call Purchases (‘00 bales)	Call Sales (‘00 bales)
July	2020	2	18
October	2020	66	80

PART 20—LARGE TRADER REPORTING FOR PHYSICAL COMMODITY SWAPS

Sec.

- 20.1 Definitions.
- 20.2 Covered contracts.
- 20.3 Clearing organizations.
- 20.4 Reporting entities.
- 20.5 Series S filings.
- 20.6 Maintenance of books and records.
- 20.7 Form and manner of reporting and submitting information or filings.
- 20.8 Delegation of authority.
- 20.9 Sunset provision.
- 20.10 Compliance schedule.
- 20.11 Diversified commodity indices.

APPENDIX A TO PART 20—GUIDELINES ON FUTURES EQUIVALENCY

APPENDIX B TO PART 20—EXPLANATORY GUIDANCE ON DATA RECORD LAYOUTS

AUTHORITY: 7 U.S.C. 1a, 2, 5, 6, 6a, 6c, 6f, 6g, 6t, 12a, 19.

SOURCE: 76 FR 43862, July 22, 2011, unless otherwise noted.

§ 20.1 Definitions.

As used in, and solely for the purposes of, this part:

Business day means “business day” as that term is defined in §1.3 of this chapter.

Cleared product means a paired swap or swaption that a clearing organization offers or accepts for clearing.

Clearing member means any person who is a member of, or enjoys the privilege of, clearing trades in its own name through a clearing organization.

Clearing organization means the person or organization that acts as a medium between clearing members for the purpose of clearing swaps or swaptions or effecting settlements of swaps or swaptions.

Closed swap or closed swaption means a swap or swaption that has been settled, exercised, closed out or terminated.

Commodity reference price means the price series (including derivatives contract and cash market prices or price indices) used by the parties to a swap or swaption to determine payments made, exchanged, or accrued under the terms of the contracts.

Counterparty means, from the perspective of one side to a contract, the person that is the direct legal