

From: Eric Nichols
Proposal: 1479 (RIN 7100-AE10) Regulation: Physical Commodities-FHCs (ANPR)
Subject: Physical Commodities-FHCs

Comments:

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Proposal: Regulation: Complementary Activities, Merchant Banking Activities, and Other Activities of Financial Holding Companies related to Physical Commodities [R-1479]

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Your comment: The problem with financial holding companies or banks trading physical commodities is that it skews the markets ability for price discovery. Many of these commodities are essential for the daily life of an American citizen, and also essential for the governments calculation of many market moving and policy setting statistics. When the price of one of these commodities is anything other than the true price it should be, based on actual supply and demand, there will be distortions in all calculations involving that commodity. This could lead to policy errors, and in effect takes away your ability to make sound decisions for the better of the country. The firms should only be allowed to trade the commodities unlevered. No margin, no futures, cash trades only. No exotic strategies that in effect are levered trades on a commodity either.