Davis (CA)
Davis (IL)
Davis (KY)
Davis, David
Davis, Lincoln
Davis, Tom
Deal (GA)
DeFazio
DeGette
DeLauro
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Dicks
Dingell
Doggett
Donnelly
Doolittle
Doyle
Drake
Dreier
Duncan
Edwards (MD)
Edwards (TX)
Ehlers
Ellison
Ellsworth
Emanuel
Emerson
Engel
English (PA)
Eshoo
Etheridge
Everett
Fallin
Farr
Fattah
Feeney
Ferguson
Filner
Flake
Forbes
Fortenberry
Fossella
Foster
Foxx
Frank (MA)
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Giffords
Gilchrest
Gillibrand
Gingrey
Gohmert
Gonzalez
Goode
Goodlatte
Gordon
Granger
Graves
Green, Al
Green, Gene
Grijalva
Gutierrez
Hall (NY)
Hall (TX)
Hare
Harman
Hastings (FL)
Hastings (WA)
Hayes
Heller
Herger
Herseth Sandlin
Higgins
Hill
Hinchey
Hinojosa
Hirono
Hobson
Hodes
Hoekstra
Holden
Holt
Honda
Hooley
Hoyer
Hunter
Inglis (SC)
Inslee
Israel
Issa
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (GA)
Johnson (IL)
Johnson, E. B.
Johnson, Sam
Jones (NC)
Jones (OH)
Jordan
Kagen
Kanjorski
Kaptur
Keller
Kennedy
Kildee
Kilpatrick
Kind
King (IA)
King (NY)
Kingston
Kirk
Klein (FL)
Kline (MN)
Knollenberg
Kuhl (NY)
LaHood
Lamborn
Lampson
Langevin
Larsen (WA)
Larson (CT)
Latham
LaTourette
Latta
Lee
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Loebsack
Lofgren, Zoe
Lowey
Lucas
Lungren, Daniel E.
Lynch
Mack
Mahoney (FL)
Maloney (NY)
Manzullo
Marchant
Markey
Marshall
Matheson
Matsui
McCarthy (CA)
McCarthy (NY)
McCaul (TX)
McCollum (MN)
McCotter
McCrery
McDermott
McGovern
McHenry
McHugh
McIntyre
McKeon
McMorris Rodgers
McNerney
McNulty
Meek (FL)
Meeks (NY)
Melancon
Mica
Michaud
Miller (FL)
Miller (MI)
Miller (NC)
Miller, Gary
Miller, George
Mitchell
Mollohan
Moore (KS)
Moore (WI)
Moran (KS)
Moran (VA)
Murphy (CT)
Murphy, Patrick
Murphy, Tim
Murtha
Musgrave
Myrick
Nadler
Napolitano
Neal (MA)
Neugebauer
Nunes
Oberstar
Obey
Olver
Ortiz
Pallone
Pascrell
Pastor
Payne
Pearce
Pelosi
Pence
Perlmutter
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Platts
Poe
Pomeroy
Porter
Price (GA)
Price (NC)
Pryce (OH)
Putnam
Radanovich
Rahall
Ramstad
Regula
Rehberg
Reichert
Renzi
Reyes
Reynolds
Richardson
Rodriguez
Rogers (AL)
Rogers (KY)
Rohrabacher
Ros-Lehtinen
Ross
Rothman
Roybal-Allard
Royce
Ruppersberger
Ryan (OH)
Ryan (WI)
Salazar
Sali
Sánchez, Linda T.
Sanchez, Loretta
Sarbanes
Saxton
Scalise
Schakowsky
Schiff
Schmidt
Schwartz
Scott (GA)
Scott (VA)
Sensenbrenner
Serrano
Sessions
Sestak
Shadegg
Shays
Shea-Porter
Sherman
Shimkus
Shuler
Shuster
Simpson
Sires
Skelton
Slaughter
Smith (NE)
Smith (NJ)
Smith (TX)
Snyder
Solis
Souder
Space
Speier
Spratt
Stark
Stearns
Stupak
Sutton
Tancredo
Tanner
Tauscher
Taylor
Terry
Thompson (CA)
Thompson (MS)
Thornberry
Tiahrt
Tiberi
Tierney
Towns
Tsongas
Turner
Udall (CO)
Udall (NM)
Upton
Van Hollen
Velázquez
Visclosky
Walberg
Walden (OR)
Walsh (NY)
Walz (MN)
Wamp
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weiner
Welch (VT)
Weldon (FL)
Weller
Westmoreland
Wexler
Whitfield (KY)
Wilson (NM)
Wilson (OH)
Wilson (SC)
Wittman (VA)
Wolf
Woolsey
Wu
Yarmuth
Young (AK)
Young (FL)

NAYS—1

Paul

ANSWERED ''PRESENT''—1

Kucinich

NOT VOTING—14

Barrow
Brady (TX)
Brown-Waite, Ginny
Cubin
Delahunt
Hensarling
Hulshof
Levin
Rangel
Rogers (MI)
Roskam
Rush
Smith (WA)
Sullivan

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Members are advised that there are 2 minutes left on this vote.

□ 1323

So (two-thirds being in the affirmative) the rules were suspended and the resolution, as amended, was agreed to.

The result of the vote was announced as above recorded.

The title was amended so as to read: ''Resolution calling on the Government of the People's Republic of China to immediately end abuses of the human rights of its citizens, to cease repression of Tibetan and Uighur people, and to end its support for the Governments of Sudan and Burma to ensure that the Beijing 2008 Olympic Games take place in an atmosphere that honors the Olympic traditions of freedom and openness''.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. LEVIN. Mr. Speaker, earlier today, I was unavoidably absent during rollcall votes 537, 538 and 539. Had I been present, I would have voted "yea" on rollcall 537 to provide for the House to adjourn for the August District Work Period; "yea" on rollcall 538 on the Veterans Disability Benefits Claims Modernization Act; and "yea" on rollcall 539 calling on the Government of the People's Republic of China to immediately end abuses of the human rights of its citizens.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Ms. Wanda Evans, one of his secretaries.

COMMODITY MARKETS TRANSPARENCY AND ACCOUNTABILITY ACT OF 2008

Mr. PETERSON of Minnesota. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 6604) to amend the Commodity Exchange Act to bring greater transparency and accountability to commodity markets, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 6604

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Commodity Markets Transparency and Accountability Act of 2008''.

SEC. 2. TABLE OF CONTENTS.

The table of contents of this Act is as follows:

Sec. 1. Short title.
Sec. 2. Table of contents.
Sec. 3. Definition of energy commodity.
Sec. 4. Speculative limits and transparency of off-shore trading.
Sec. 5. Disaggregation of index funds and other data in energy and agriculture markets.
Sec. 6. Detailed reporting from index traders and swap dealers.
Sec. 7. Transparency and recordkeeping authorities.
Sec. 8. Trading limits to prevent excessive speculation.
Sec. 9. Modifications to core principles applicable to position limits for contracts in agricultural and energy commodities.
Sec. 10. CFTC Administration.
Sec. 11. Review of prior actions.
Sec. 12. Review of over-the-counter markets.
Sec. 13. Studies; reports.
Sec. 14. Over-the-counter authority.
Sec. 15. Expedited process.

SEC. 3. DEFINITION OF ENERGY COMMODITY.

(a) DEFINITION OF ENERGY COMMODITY.—Section 1a of the Commodity Exchange Act (7 U.S.C. 1a) is amended—

(1) by redesignating paragraphs (13) through (34) as paragraphs (14) through (35), respectively; and

(2) by inserting after paragraph (12) the following:

''(13) ENERGY COMMODITY.—The term 'energy commodity' means—

''(A) coal;

''(B) crude oil, gasoline, diesel fuel, jet fuel, heating oil, and propane;

''(C) electricity;

''(D) natural gas; and

''(E) any other substance that is used as a source of energy, as the Commission, in its discretion, deems appropriate.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 2(c)(2)(B)(i)(II)(cc) of the Commodity Exchange Act (7 U.S.C. 2(c)(2)(B)(i)(II)(cc)) is amended—

(A) in subitem (AA), by striking ''section 1a(20)'' and inserting ''section 1a(21)''; and

(B) in subitem (BB), by striking ''section 1a(20)'' and inserting ''section 1a(21)''.

(2) Section 13106(b)(1) of the Food, Conservation, and Energy Act of 2008 is amended by striking ''section 1a(32)'' and inserting ''section 1a''.

(3) Section 402 of the Legal Certainty for Bank Products Act of 2000 (7 U.S.C. 27) is amended—

(A) in subsection (a)(7), by striking ''section 1a(20)'' and inserting ''section 1a''; and

(B) in subsection (d)—

(i) in paragraph (1)(B), by striking ''section 1a(33)'' and inserting ''section 1a''; and

(ii) in paragraph (2)(D), by striking ''section 1a(13)'' and inserting ''section 1a''.

SEC. 4. SPECULATIVE LIMITS AND TRANSPARENCY OF OFF-SHORE TRADING.

(a) IN GENERAL.—Section 4 of the Commodity Exchange Act (7 U.S.C. 6) is amended by adding at the end the following:

''(e) FOREIGN BOARDS OF TRADE.—

''(1) IN GENERAL.—The Commission may not permit a foreign board of trade to provide to the members of the foreign board of trade or other participants located in the United States direct access to the electronic trading and order matching system of the foreign board of trade with respect to an agreement, contract, or transaction in an energy or agricultural commodity that settles against any price (including the daily or final settlement price) of 1 or more contracts listed for trading on a registered entity, unless—

''(A) the foreign board of trade makes public daily trading information regarding the agreement, contract, or transaction that is comparable to the daily trading information published by the registered entity for the 1 or more contracts against which the agreement, contract, or transaction traded on the foreign board of trade settles; and

''(B) the foreign board of trade (or the foreign futures authority that oversees the foreign board of trade)—

''(i) adopts position limits (including related hedge exemption provisions) for the agreement, contract, or transaction that are comparable, taking into consideration the relative sizes of the respective markets, to the position limits (including related hedge exemption provisions) adopted by the registered entity for the 1 or more contracts against which the agreement, contract, or transaction traded on the foreign board of trade settles;

''(ii) has the authority to require or direct market participants to limit, reduce, or liquidate any position the foreign board of trade (or the foreign futures authority that oversees the foreign board of trade) determines to be necessary to prevent or reduce the threat of price manipulation, excessive speculation as described in section 4a, price distortion, or disruption of delivery or the cash settlement process;

''(iii) agrees to promptly notify the Commission of any change regarding—

''(I) the information that the foreign board of trade will make publicly available;

''(II) the position limits that the foreign board of trade or foreign futures authority will adopt and enforce;

''(III) the position reductions required to prevent manipulation, excessive speculation as described in section 4a, price distortion, or disruption of delivery or the cash settlement process; and

''(IV) any other area of interest expressed by the Commission to the foreign board of trade or foreign futures authority;

''(iv) provides information to the Commission regarding large trader positions in the agreement, contract, or transaction that is comparable to the large trader position information collected by the Commission for the 1 or more contracts against which the agreement, contract, or transaction traded on the foreign board of trade settles; and

''(v) provides the Commission with information necessary to publish reports on aggregate trader positions for the agreement, contract, or transaction traded on the foreign board of trade that are comparable to such reports for 1 or more contracts against which the agreement, contract, or transaction traded on the foreign board of trade settles.

''(2) EXISTING FOREIGN BOARDS OF TRADE.—Paragraph (1) shall not be effective with respect to any agreement, contract, or transaction in an energy commodity executed on a foreign board of trade to which the Commission had granted direct access permission before the date of the enactment of this subsection until the date that is 180 days after such date of enactment.''.

(b) LIABILITY OF REGISTERED PERSONS TRADING ON A FOREIGN BOARD OF TRADE.—

(1) Section 4(a) of such Act (7 U.S.C. 6(a)) is amended by inserting ''or by subsection (f)'' after ''Unless exempted by the Commission pursuant to subsection (c)''.

(2) Section 4 of such Act (7 U.S.C. 6) is further amended by adding at the end the following:

''(f) A person registered with the Commission, or exempt from registration by the Commission, under this Act may not be found to have violated subsection (a) with respect to a transaction in, or in connection with, a contract of sale of a commodity for future delivery if the person has reason to believe the transaction and the contract is made on or subject to the rules of a board of trade that is legally organized under the laws of a foreign country, authorized to act as a board of trade by a foreign futures authority, subject to regulation by the foreign futures authority, and has not been determined by the Commission to be operating in violation of subsection (a).''.

(c) CONTRACT ENFORCEMENT FOR FOREIGN FUTURES CONTRACTS.—Section 22(a) of such Act (7 U.S.C. 25(a)) is amended by adding at the end the following:

''(5) A contract of sale of a commodity for future delivery traded or executed on or through the facilities of a board of trade, exchange, or market located outside the United States for purposes of section 4(a) shall not be void, voidable, or unenforceable, and a party to such a contract shall not be entitled to rescind or recover any payment made with respect to the contract, based on the failure of the foreign board of trade to comply with any provision of this Act.''.

SEC. 5. DISAGGREGATION OF INDEX FUNDS AND OTHER DATA IN ENERGY AND AGRICULTURE MARKETS.

Section 4 of the Commodity Exchange Act (7 U.S.C. 6), as amended by section 4 of this Act, is amended by adding at the end the following:

''(g) DISAGGREGATION OF INDEX FUNDS AND OTHER DATA IN ENERGY AND AGRICULTURE MARKETS.—Subject to section 8 and beginning within 30 days of the issuance of the final rule required by section 4h, the Commission shall disaggregate and make public weekly—

''(1) the number of positions and total value of index funds and other passive, long-only and short-only positions (as defined by the Commission) in all energy and agricultural markets to the extent such information is available; and

''(2) data on speculative positions relative to bona fide physical hedgers in those markets to the extent such information is available.''.

SEC. 6. DETAILED REPORTING FROM INDEX TRADERS AND SWAP DEALERS.

Section 4 of the Commodity Exchange Act (7 U.S.C. 6), as amended by sections 4 and 5 of this Act, is amended by adding at the end the following:

''(h) INDEX TRADERS AND SWAP DEALERS REPORTING.—The Commission shall issue a proposed rule defining and classifying index traders and swap dealers (as those terms are defined by the Commission) for purposes of data reporting requirements and setting routine detailed reporting requirements for such entities in designated contract markets, derivatives transaction execution facilities, foreign boards of trade subject to section 4(e), and electronic trading facilities with respect to significant price discovery contracts with respect to exempt and agricultural commodities not later than 60 days after the date of the enactment of this subsection, and issue a final rule within 120 days after such date of enactment.''.

SEC. 7. TRANSPARENCY AND RECORDKEEPING AUTHORITIES.

(a) IN GENERAL.—Section 4g(a) of the Commodity Exchange Act (7 U.S.C. 6g(a)) is amended—

(1) by inserting ''a'' before ''futures commission merchant''; and

(2) by inserting ''and transactions and positions traded pursuant to subsection (g), (h)(1), or (h)(2) of section 2, or any exemption issued by the Commission by rule, regulation or order,'' after ''United States or elsewhere,''.

(b) REPORTS OF DEALS EQUAL TO OR IN EXCESS OF TRADING LIMITS.—Section 4i of such Act (7 U.S.C. 6i) is amended—

(1) in the first sentence—

(A) by inserting ''(a)'' before ''It shall''; and

(B) by inserting ''in the United States or elsewhere, and of transactions and positions in any such commodity entered into pursuant to subsection (g), (h)(1), or (h)(2) of section 2, or any exemption issued by the Commission by rule, regulation or order'' before '', and of cash or spot''; and

(2) by striking all that follows the 1st sentence and inserting the following:

''(b) With respect to agricultural and energy commodities, upon special call by the Commission, any person shall provide to the Commission, in a form and manner and within the period specified in the special call, books and records of all transactions and positions traded on or subject to the rules of any board of trade or electronic trading facility in the United States or elsewhere, or pursuant to subsection (g), (h)(1), or (h)(2) of section 2, or any exemption issued by the Commission by rule, regulation, or order, as the Commission may determine appropriate to deter and prevent price manipulation or any other disruption to market integrity or to diminish, eliminate, or prevent excessive speculation as described in section 4a(a).

''(c) Such books and records described in subsections (a) and (b) shall show complete details concerning all such transactions, positions, inventories, and commitments, including the names and addresses of all persons having any interest therein, shall be kept for a period of 5 years, and shall be open at all times to inspection by any representative of the Commission or the Department of Justice. For the purposes of this section, the futures and cash or spot transactions and positions of any person shall include such transactions and positions of any persons directly or indirectly controlled by the person.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 2(g) of such Act (7 U.S.C. 2(g)) is amended—

(A) by inserting ''4g(a), 4i,'' before ''5a (to''; and

(B) by inserting '', and the regulations of the Commission pursuant to section 4c(b) requiring reporting in connection with commodity option transactions,'' before ''shall apply''.

(2) Section 2(h)(2)(A) of such Act (7 U.S.C. 2(h)(2)(A)) is amended to read as follows:

''(A) sections 4g(a), 4i, 5b and 12(e)(2)(B), and the regulations of the Commission pursuant to section 4c(b) requiring reporting in connection with commodity option transactions;''.

SEC. 8. TRADING LIMITS TO PREVENT EXCESSIVE SPECULATION.

Section 4a of the Commodity Exchange Act (7 U.S.C. 6a) is amended—

(1) in subsection (a)—

(A) by inserting ''(1)'' after ''(a)''; and

(B) by adding after and below the end the following:

''(2) In accordance with the standards set forth in paragraph (1) of this subsection and consistent with the good faith exception

cited in subsection (b)(2), with respect to agricultural commodities enumerated in section 1a(4) and energy commodities, the Commission, within 60 days after the date of the enactment of this paragraph, shall by rule, regulation, or order establish limits on the amount of positions, other than bona fide hedge positions, that may be held by any person with respect to contracts of sale for future delivery or with respect to options on such contracts or commodities traded on or subject to the rules of a contract market or derivatives transaction execution facility, or on an electronic trading facility as a significant price discovery contract.

''(3) In establishing the limits required in paragraph (2), the Commission shall set limits—

''(A) on the number of positions that may be held by any person for the spot month, each other month, and the aggregate number of positions that may be held by any person for all months;

''(B) to the maximum extent practicable, in its discretion—

''(i) to diminish, eliminate, or prevent excessive speculation as described under this section;

''(ii) to deter and prevent market manipulation, squeezes, and corners;

''(iii) to ensure sufficient market liquidity for bona fide hedgers; and

''(iv) to ensure that the price discovery function of the underlying market is not disrupted; and

''(C) to the maximum extent practicable, in its discretion, take into account the total number of positions in fungible agreements, contracts, or transactions that a person can hold in agricultural and energy commodities in other markets.

''(4)(A) Not later than 150 days after the date of the enactment of this paragraph, the Commission shall convene a Position Limit Agricultural Advisory Group and a Position Limit Energy Group, each group consisting of representatives from—

''(i) 7 predominantly commercial short hedgers of the actual physical commodity for future delivery;

''(ii) 7 predominantly commercial long hedgers of the actual physical commodity for future delivery;

''(iii) 4 non-commercial participants in markets for commodities for future delivery; and

''(iv) each designated contract market or derivatives transaction execution facility upon which a contract in the commodity for future delivery is traded, and each electronic trading facility that has a significant price discovery contract in the commodity.

''(B) Not later than 60 days after the date on which the advisory groups are convened under subparagraph (A), and annually thereafter, the advisory groups shall submit to the Commission advisory recommendations regarding the position limits to be established in paragraph (2) and a recommendation as to whether the position limits should be administered directly by the Commission, or by the registered entity on which the commodity is listed (with enforcement by both the registered entity and the Commission).''; and

(2) in subsection (c)—

(A) by inserting ''(1)'' after ''(c)''; and

(B) by adding after and below the end the following:

''(2) With respect to agricultural and energy commodities, for the purposes of contracts of sale for future delivery and options on such contracts or commodities, the Commission shall define what constitutes a bona fide hedging transaction or position as a transaction or position that—

''(A)(i) represents a substitute for transactions to be made or positions to be taken at a later time in a physical marketing channel;

''(ii) is economically appropriate to the reduction of risks in the conduct and management of a commercial enterprise; and

''(iii) arises from the potential change in the value of—

''(I) assets that a person owns, produces, manufactures, processes, or merchandises or anticipates owning, producing, manufacturing, processing, or merchandising;

''(II) liabilities that a person owns or anticipates incurring; or

''(III) services that a person provides, purchases, or anticipates providing or purchasing; or

''(B) reduces risks attendant to a position resulting from a transaction that—

''(i) was executed pursuant to subsection (g), (h)(1), or (h)(2) of section 2, or an exemption issued by the Commission by rule, regulation or order; and

''(ii) was executed opposite a counterparty for which the transaction would qualify as a bona fide hedging transaction pursuant to paragraph (2)(A) of this subsection.''.

SEC. 9. MODIFICATIONS TO CORE PRINCIPLES APPLICABLE TO POSITION LIMITS FOR CONTRACTS IN AGRICULTURAL AND ENERGY COMMODITIES.

(a) CONTRACTS TRADED ON CONTRACT MARKETS.—Section 5(d)(5) of the Commodity Exchange Act (7 U.S.C. 7(d)(5)) is amended by striking all that follows ''adopt'' and inserting '', for speculators, position limitations with respect to agricultural commodities enumerated in section 1a(4) or energy commodities, and position limitations or position accountability with respect to other commodities, where necessary and appropriate.''.

(b) CONTRACTS TRADED ON DERIVATIVES TRANSACTION EXECUTION FACILITIES.—Section 5a(d)(4) of such Act (7 U.S.C. 7a(d)(4)) is amended by striking all that follows ''adopt'' and inserting '', for speculators, position limitations with respect to energy commodities, and position limitations or position accountability with respect to other commodities, where necessary and appropriate for a contract, agreement or transaction with an underlying commodity that has a physically deliverable supply.''.

(c) SIGNIFICANT PRICE DISCOVERY CONTRACTS.—Section 2(h)(7)(C)(ii)(IV) of such Act (7 U.S.C. 2(h)(7)(C)(ii)(IV)) is amended by striking ''where necessary'' and all that follows through ''in significant price discovery contracts'' and inserting ''for speculators, position limitations with respect to significant price discovery contracts in energy commodities, and position limitations or position accountability with respect to significant price discovery contracts in other commodities''.

SEC. 10. CFTC ADMINISTRATION.

(a) ADDITIONAL COMMODITY FUTURES TRADING COMMISSION EMPLOYEES FOR IMPROVED ENFORCEMENT.—Section 2(a)(7) of the Commodity Exchange Act (7 U.S.C. 2(a)(7)) is amended by adding at the end the following:

''(D) ADDITIONAL EMPLOYEES.—As soon as practicable after the date of the enactment of this subparagraph, subject to appropriations, the Commission shall appoint at least 100 full-time employees (in addition to the employees employed by the Commission as of the date of the enactment of this subparagraph)—

''(i) to increase the public transparency of operations in agriculture and energy markets;

''(ii) to improve the enforcement of this Act in those markets; and

''(iii) to carry out such other duties as are prescribed by the Commission.''.

(b) INSPECTOR GENERAL OF COMMODITY FUTURES TRADING COMMISSION.—

(1) ELEVATION OF OFFICE.—

(A) INCLUSION OF CFTC IN DEFINITION OF ESTABLISHMENT.—Section 11(2) of the Inspector General Act of 1878 (5 U.S.C. App.) is amended by striking ''or the Export-Import Bank,'' and inserting '', the Export-Import Bank, or the Commodity Futures Trading Commission,''.

(B) EXCLUSION OF CFTC FROM DEFINITION OF DESIGNATED FEDERAL ENTITY.—Section 8G(a)(2) of such Act (5 U.S.C. App.) is amended by striking ''the Commodity Futures Trading Commission,''.

(2) TRANSITION.—Until such time as the Inspector General of the Commodity Futures Trading Commission is appointed in accordance with section 3 of the Inspector General Act of 1978, the Office of Inspector General of the Commission shall continue in effect as provided in such Act before the date of the enactment of this Act.

SEC. 11. REVIEW OF PRIOR ACTIONS.

Notwithstanding any other provision of the Commodity Exchange Act, the Commodity Futures Trading Commission shall review, as appropriate, all regulations, rules, exemptions, exclusions, guidance, no action letters, orders, other actions taken by or on behalf of the Commission, and any action taken pursuant to the Commodity Exchange Act by an exchange, self-regulatory organization, or any other registered entity, that are currently in effect, to ensure that such prior actions are in compliance with the provisions of this Act.

SEC. 12. REVIEW OF OVER-THE-COUNTER MARKETS.

(a) STUDY.—The Commodity Futures Trading Commission shall conduct a study—

(1) to determine the efficacy, practicality, and consequences of establishing limits on the amount of positions, other than bona fide hedge positions, that may be held by any person with respect to agreements, contracts, or transactions involving an agricultural or energy commodity, conducted in reliance on sections 2(g) and 2(h) of the Commodity Exchange Act and of any exemption issued by the Commission by rule, regulation or order, that are fungible (as defined by the Commission) with agreements, contracts, or transactions traded on or subject to the rules of any board of trade or of any electronic trading facility with respect to a signifcant price discovery contract, as a means to deter and prevent price manipulation or any other disruption to market integrity or to diminish, eliminate, or prevent excessive speculation as described in section 4a of such Act for physical-based agricultural or energy commodities; and

(2) to determine the efficacy, practicality, and consequences of establishing aggregate position limits for similar agreements, contracts, or transactions for physical-based agricultural or energy commodities traded—

(A) on designated contract markets;

(B) on derivatives transaction execution facilities; and

(C) in reliance on such sections 2(g) and 2(h) and of any exemption issued by the Commission by rule, regulation or order.

(b) PUBLIC HEARINGS.—The Commission shall provide for not less than 2 public hearings to take testimony, on the record, as part of the fact- gathering process in preparation of the report.

(c) REPORT AND RECOMMENDATIONS.—Not less than 12 months after the date of the enactment of this section, the Commission shall provide to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that—

(1) describes the results of the study; and

(2) provides recommendations on any actions necessary to deter and prevent price

manipulation or any other disruption to market integrity or to diminish, eliminate, or prevent excessive speculation as described in section 4a of the Commodity Exchange Act for physical-based commodities, including—

(A) any additional statutory authority that the Commission determines to be necessary to implement the recommendations; and

(B) a description of the resources that the Commission considers to be necessary to implement the recommendations.

SEC. 13. STUDIES; REPORTS.

(a) STUDY RELATING TO INTERNATIONAL REGULATION OF ENERGY COMMODITY MARKETS.—

(1) IN GENERAL.—The Comptroller General of the United States shall conduct a study of the international regime for regulating the trading of energy commodity futures and derivatives.

(2) ANALYSIS.—The study shall include an analysis of, at a minimum—

(A) key common features and differences among countries in the regulation of energy commodity trading, including with respect to market oversight and enforcement standards and activities;

(B) variations among countries with respect to the use of position limits, position accountability levels, or other thresholds to detect and prevent price manipulation, excessive speculation as described in section 4a of the Commodity Exchange Act, or other unfair trading practices;

(C) variations in practices regarding the differentiation of commercial and noncommercial trading;

(D) agreements and practices for sharing market and trading data among futures authorities and between futures authorities and the entities that the futures authorities oversee; and

(E) agreements and practices for facilitating international cooperation on market oversight, compliance, and enforcement.

(3) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Comptroller General shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that—

(A) describes the results of the study;

(B) addresses whether there is excessive speculation, and if so, the effects of any such speculation and energy price volatility on energy futures; and

(C) provides recommendations to improve openness, transparency, and other necessary elements of a properly functioning market in a manner that protects consumers in the United States.

(b) STUDY RELATING TO EFFECTS OF SPECULATORS ON AGRICULTURE AND ENERGY FUTURES MARKETS AND AGRICULTURE AND ENERGY PRICES.—

(1) STUDY.—The Comptroller General of the United States shall conduct a study of the effects of speculators on agriculture and energy futures markets and agriculture and energy prices.

(2) ANALYSIS.—The study shall include an analysis of, at a minimum—

(A) the effect of increased amounts of capital in agriculture and energy futures markets;

(B) the impact of the roll-over of positions by index fund traders and swap dealers on agriculture and energy futures markets and agriculture and energy prices; and

(C) the extent to which each factor described in subparagraphs (A) and (B) and speculators—

(i) affect—

(I) the pricing of agriculture and energy commodities; and

(II) risk management functions; and

(ii) contribute to economically efficient price discovery.

(3) REPORT.—Not later than 2 years after the date of the enactment of this Act, the Comptroller General shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the results of the study.

SEC. 14. OVER-THE-COUNTER AUTHORITY.

(a) IN GENERAL.—Section 2 of the Commodity Exchange Act (7 U.S.C. 2) is amended by adding at the end the following:

''(j) OVER-THE-COUNTER AUTHORITY.—

''(1) Within 60 days after the date of the enactment of this subsection, the Commission shall, by rule, regulation, or order, require routine reporting as it deems in its discretion appropriate, on not less than a monthly basis, of agreements, contracts, or transactions, with regard to an agricultural or energy commodity, entered into in reliance on subsection (g), (h)(1), or (h)(2) of section 2, or any exemption issued by the Commission by rule, regulation, or order that are fungible (as defined by the Commission) with agreements, contracts, or transactions traded on or subject to the rules of any board of trade or of any electronic trading facility with respect to a significant price discovery contract.

''(2) Notwithstanding subsections (g), (h)(1), and (h)(2) of section 2, and any exemption issued by the Commission by rule, regulation, or order, the Commission shall assess and issue a finding on whether the agreements, contracts, or transactions reported pursuant to paragraph (1), alone or in conjunction with other similar agreements, contracts, or transactions, have the potential to—

''(A) disrupt the liquidity or price discovery function on a registered entity;

''(B) cause a severe market disturbance in the underlying cash or futures market for an agricultural or energy commodity; or

''(C) prevent or otherwise impair the price of a contract listed for trading on a registered entity from reflecting the forces of supply and demand in any market for an agricultural commodity enumerated in section 1a(4) or an energy commodity.

''(3) If the Commission makes a finding pursuant to paragraph (2) of this subsection, the Commission may, in its discretion, utilize its authority under section 8a(9) to impose position limits (including, as appropriate and in its discretion, related hedge exemption provisions for bona fide hedging comparable to bona fide hedge provisions of section 4a(c)(2)) on agreements, contracts, or transactions involved, and take corrective actions to enforce the limits.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 2(g) of such Act (7 U.S.C. 2(g)) is amended by inserting ''subsection (j) of this section, and'' after ''(other than''.

(2) Section 2(h)(2)(A) of such Act (7 U.S.C. 2(h)(2)(A)) is amended by inserting ''subsection (j) of this section and'' before ''sections''.

(3) Section 8a(9) of such Act (7 U.S.C. 12a(a)(9)) is amended by inserting after ''of the Commission's action'' the following: '', and to fix and enforce limits to agreements, contracts, or transaction subject to section 2(j)(1) pursuant to a finding made under section 2(j)(2)''.

SEC. 15. EXPEDITED PROCESS.

The Commodity Futures Trading Commission may use emergency and expedited procedures (including any administrative or other procedure as appropriate) to carry out this Act if, in its discretion, it deems it necessary to do so.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Minnesota (Mr. PETERSON) and the gentleman from Virginia (Mr. GOODLATTE) each will control 20 minutes.

The Chair recognizes the gentleman from Minnesota.

Mr. PETERSON of Minnesota. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 6604, the Commodity Markets Transparency and Accountability Act of 2008, will strengthen oversight of the commodity and futures markets for energy and agriculture commodities. It toughens position limits on oil and other futures markets as a way to prevent potential price distortions caused by excessive speculative trading. It extends CFTC oversight to previously exempt over-the-counter markets and calls for new full-time CFTC staff to improve enforcement, prevent manipulation, and prosecute fraud.

I want to thank my friend and ranking member, Mr. GOODLATTE of Virginia, for the work that he has done on this legislation, not only in committee, but in the many meetings that we have had. We have worked I think and done our work in the best bipartisan fashions, and I thank him for that.

I also want to thank the gentleman from North Carolina, the chairman of the General Farm Commodities and Risk Management Subcommittee, Mr. BOB ETHERIDGE of North Carolina, for taking the lead on CFTC oversight on our committee and for his work on this legislation.

If it is all right with the gentleman from Virginia, in light of the work Mr. ETHERIDGE has done, I will yield to him to do his presentation now and then I will finish mine later. I want to recognize Mr. ETHERIDGE for 3 minutes. He has been a real leader on our side on this issue.

Mr. ETHERIDGE. I thank the gentleman.

Mr. Speaker, I am pleased to join Chairman PETERSON and Ranking Member GOODLATTE in bringing the Commodity Markets Transparency and Accountability Act to the House floor for consideration.

During 3 days of hearings this month, expert after expert told the Ag Committee that at least part of the spike in energy prices could be caused by excessive speculation in energy futures trading. We owe it to the American consumer to ensure that gas prices are reflective of true market value and are not being artificially inflated by investors trying to make an easy quick buck. We cannot allow excessive speculation on Wall Street to cause folks to suffer on Main Street. That is why, as the chairman of the subcommittee that oversees the Commodity Futures Trading Commission, I worked with Chairman PETERSON and Ranking Member GOODLATTE to write today's bill.

This legislation will give the CFTC additional tools and authority to keep our markets free of manipulation and

excessive speculation. We wrote the bill very carefully to ensure that it would not affect proper market activity. We are simply giving the CFTC the tools to do the job the American consumers entrusted it to do, to weed out improper or illegal market activity.

Since 2000, volume on commodity markets has increased six-fold; but staffing levels at the CFTC have fallen to the lowest level in the agency's 33-year history. Right now we need more cops on the beat. The bill will require CFTC to hire the 100 additional staff people it needs to effectively monitor the futures industry, including our energy markets.

Currently the CFTC is investigating whether market manipulation has occurred in energy markets. One firm has already been charged, but the commission needs additional staff to carry out this investigation, and the rest of its duties.

Additionally, the bill will require greater transparency and disclosure from investors. A little sunshine goes a long way to scaring off bad actors. We also close the London loophole, and toughen position limits and the hedge exemption.

Today's bill is not a cure-all for our energy crisis but is one important step that could provide some relief to families who are struggling. I urge all of my colleagues to support this piece of legislation.

□ 1330

Mr. GOODLATTE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like to thank the gentleman from Minnesota, the chairman of the committee, and the gentleman from North Carolina, for their hard work, particularly the gentleman from Minnesota. He thought that, following the passage of the farm bill earlier this year, that he would have a lighter burden. And instead, we have devoted a substantial amount of time to this legislation. Six hearings were held, more than 30 witnesses were invited before the committee, and literally, dozens of meetings took place as well to reach the point we are at. And I want to commend him for that work.

And I think that he has done a very good job in fending off some very bad ideas that the committee heard about from other Members and from others who wanted the committee to do a whole lot more than we are doing in this legislation.

But I will tell you that I think, quite frankly, the whole process is one that is not complete. We really shouldn't be bringing this up the day before the Congress recesses for August. We should take it up in September, after this particular bill has been examined more closely by more people and has, perhaps even held a hearing on the legislation itself.

Nonetheless, I understand the constraints he is under. He has been advised that we have to take this legislation up now. And that is what is really troubling to me the most about the legislation. I am going to support it. I think it is a modest improvement in the oversight of our commodity markets. And certainly, if there is excessive speculation in the energy markets, we all favor curbing that abuse.

But quite frankly, what we really are not getting to do is what took place in the last vote we just cast, the decision to adjourn this Congress this week without anything on the calendar this week to deal with the problem that is most concerning the American people, and that is the fact that we do not have a program to increase the domestic supply of American energy.

And we, on the Republican side, just last week, introduced legislation that already has 120 cosponsors or more, the American Energy Act, that would do all of the above. It would increase production of oil and natural gas, which we badly need, given the price that we are facing at the pump. It would have incentives for the development and expansion of nuclear power, clean burning coal technology. It would have incentives for the development of exciting new prospects for new types of energy, it would promote solar and wind power and renewable fuels and hydrogen technology. It would promote conservation, which the American people are already being forced to do because of the high price of energy they are facing at the gas pump today.

And I talked to a woman just last week who informed me that to fill the tank at her home with kerosene that will heat her home next winter she has been told will cost her $2,400.

We need to be producing increased production, American production of energy. That is what we should be debating here today. That is what should be on the floor today. And I do not understand why the leadership on the other side of the aisle will not allow us to have a vote on this.

It is very clear that the overwhelming majority of the American people want to see us take action on this. It is very clear that the significant number of Members on the other side of the aisle would join with virtually all of the Republicans on this side of the aisle in supporting legislation to make America energy independent. But we are not getting that vote, and the reason we are not getting that vote is because the leadership on the other side will not allow it.

What do they have to be afraid of in an American democracy that we can't vote on the American Energy Act?

That is what this is really all about. They want to go home and say they have done something about energy, when, in point of fact, they have done nothing about the supply of energy in this country because they will not allow us to vote on increasing the supply. That is what this legislation should be addressing, but instead, we are going to address legislation that simply reforms what is being done in the commodity futures trading markets. Certainly, that is a good thing and an important thing for us to look at, but it does not get at the crux of the problem we are facing.

Mr. Speaker, I support this legislation, but I would urge my colleagues to point out that this is not what we need to be debating here today at the end of July just before we go home for the August recess.

I reserve the balance of my time.

Mr. PETERSON of Minnesota. Mr. Speaker, I am pleased to now recognize the gentleman from Michigan (Mr. STUPAK) for 2 minutes. He has been a leader, had, I think, numerous hearings, and his subcommittee has done a lot of work on this issue, along with his staff, so I recognize the gentleman for 2 minutes.

Mr. STUPAK. Mr. Speaker, I thank Chairman PETERSON for the time.

I rise in support of H.R. 6604, the Commodities Market Transparency and Accountability Act.

As the chairman said, for 3 years I have held hearings on speculators in the market, and here is what we have found. Since the Enron loophole became law in 2000, there has been a dramatic shift and physical hedgers continually represent a small portion of the market. The excessive speculation is a significant factor in the price Americans are paying for gasoline, diesel and home heating oil.

Since the Enron loophole, what we found as money was shifted in this market, it went from $13 billion to $260 billion in this market, a 1,900 percent increase of money flowing into this market. After the Enron loophole we saw that contracts on oil futures markets went from 700,000 to over 3 million contracts, 425 percent increase.

What we also found, the physical hedgers in 2000, had about 70 percent of the market. By 2008, April of 2008, they were down to about 29 to 30 percent of the market. In other words, those who have a bona fide reason to hedge, like airlines, truckers and others, against the increased costs in fuel have been squeezed out of the market by big money and lucrative contracts.

While the Peterson bill may not have had all the things I would like to see, and in my legislation to prevent the unfair manipulation of prices, the PUMP Act, it does take significant steps to rein in excessive speculation.

The legislation would improve the information available to the Commodity Future Trading Commission, significantly improving the CFTC's ability to monitor energy markets. Should the CFTC find excessive speculation on unregulated markets as a result, they can take the necessary steps to correct it.

Well, speculators are not the only factor. We have seen that this Congress is serious about acting to curb excessive speculation in the energy market, and the markets are responding accordingly. Curbing excessive speculation is part of the solution to high energy prices.

I thank Chairman PETERSON and his staff for working with me and my colleagues to produce this legislation. I urge my colleagues to vote for H.R. 6604.

Mr. GOODLATTE. Mr. Speaker, at this time it is my pleasure to recognize the Republican leader, the gentleman from Ohio (Mr. BOEHNER) for 1 minute.

Mr. BOEHNER. Mr. Speaker, the Democrat majority here in Congress just voted a few minutes ago to adjourn for the August district work period without bringing a real bill to the floor that will open up American energy for development. Instead, they have brought this sham bill up here, trying to blame speculators for the problems that we have with the lack of energy in America.

We have had a number of these bills over the last 4 or 5 weeks, use it or lose it. We have already had a speculators bill on the floor once that passed, and a number of other ideas that are nothing more than a way to try to divert attention from the fact that they refuse to have a bill on the floor that is supported by a bipartisan majority of this Congress that would allow energy development in America.

The American Energy Act that we introduced last week is our plan to do all of the above. It would ask us to do more in terms of conservation, more in terms of bio fuels, more in terms of incentives for the development of alternative sources of energy. It would streamline the application process and permitting process for nuclear energy. And yes, it would allow us to drill in America for more oil and gas in an environmentally sensitive way. But that bill is not on the floor, nor will it be on the floor because the Speaker has refused to allow a bill to come.

And so what do we have? We have another excuse. Kind of reminds me of the old political adage. ''Don't blame me; don't blame thee; let's blame the man behind the tree.''

This is no substitute for a real bill on drilling, and I would urge my colleagues to oppose it.

Mr. PETERSON of Minnesota. Mr. Speaker, I am now pleased to yield the majority leader 1 minute, and appreciate his work with us on this legislation.

Mr. HOYER. I thank the gentleman for yielding.

This is not a sham. And I would say to the leader, as he knows, he had an opportunity to vote on a DRILL Bill, Drill Responsibly in Currently Leased Land. He voted against that bill. A number of people in this Chamber voted against that bill. What that said is let's produce more product here in America.

What this bill says is, let's make sure that prices aren't being driven up artificially. No more, no less.

This summer the Democratic majority in this body has produced bill after bill after bill to address record oil prices that have exploded on this administration's watch. $1.46 to over $4 during the 7½ years of this administration.

Every one of us here, Democrats and Republicans, acknowledge that curbing our Nation's addiction to foreign oil, which is how President Bush himself characterized the situation, requires short-term solutions, and long-term strategy. And thus, this body has considered a bill that would increase production of more bio fuels here at home, and a second to incentivize the use of nonfood commodities to meet that goal. The chairman has been a leader in that effort, Chairman PETERSON, along with Mr. GOODLATTE. Appreciate both of their leadership.

We have considered a bill to hold OPEC accountable for price fixing, bills to address retail and wholesale price gouging, a bill to crack down on energy market manipulation, a bill to increase supply by suspending shipments to the Strategic Petroleum Reserve, and then another one to release oil from the Reserve; a bill to expedite the production of 10.6 billion barrels of Alaskan oil, to keep all oil produced in Alaska as well in the United States, and encourage diligent development of existing leases on Federal lands.

I tell my friends on the Republican side, when I use that phrase, ''diligent development'' that is lifted from their 2005 bill. We said ''use it or lose it,'' which was essentially the same thing, and they voted against it.

We have also considered a bill to bring down commuter rail and bus fares, and a bill to provide tax credits for renewable and alternative energy.

None of these bills, none of these bills, alone is a panacea. We all recognize that. And we all recognize that there will be no immediate solution.

But all of them, together, constitute a vital step towards confronting our oil dependency and our energy independence.

Many of these Democratic energy initiatives have passed the House. Some have become law. However, unfortunately, some have been blocked by our colleagues on the other side of the aisle who seem to have one answer and one answer only to America's energy crisis, drill in places that are not now authorized.

I want to remind my colleagues there are currently some 88 million acres available for drilling. Experts tell us there are 107 billion barrels of oil available under those acres. We use, that would be a 14½ year supply. And what we have said is, pursue that. Drill. Produce that energy here in America for our use here in America.

Unfortunately, that bill was rejected by the overwhelming majority of the Republican Party. It is ironic, but Democrats generally agree with our Republican friends that increasing domestic production of our energy sources is critical. Both sides agree that we ought to get more energy from America. We agree that we ought to get more oil from America.

And unfortunately, when some of my Republican colleagues speak, they say, Democrats don't want to drill. That is absolutely not true, false, a misrepresentation said, in my opinion, for political purposes to accomplish an objective for politics, not for policy or for energy independence.

We must drill more, but we believe the oil companies which today have 68 million acres of land to drill on that is leased and open for drilling, must drill there first. Let's see if it is available there. If it is not, well perhaps let's look at alternatives.

In total, there are 311 million acres available for drilling, including 20 million in the National Petroleum Reserve in Alaska. If they are serious about domestic production, they should be bringing these resources to market that we have leased in the public trust to produce oil and gas for the American people.

□ 1345

Today, I'm hopeful that Members on both sides of the aisle will again come together and support this legislation.

I want to congratulate Chairman PETERSON. Chairman PETERSON has had some of the biggest challenges in this year in the Congress of the United States, last year as well. The farm bill went a long period of time. The farm bill—which had significant energy components in it—and this bill, the Commodity Markets Transparency and Accountability Act. This bill is designed to control the market speculation that is artificially inflating the price of gas.

Among other things, this bill builds upon what we did in the farm bill, and closes overseas loopholes that allow speculation to go on unregulated; increases market transparency with strict reporting standards for traders; sets position limits to prevent individual speculators from dominating the market; and strengthens the Commodity Futures Trading Commission, which is operating at its lowest ever staffing levels.

I tell my friends on both sides of the aisle if you take the referee off the field, the players are going to take an unfair advantage. You take the referees off the field, I guarantee the split ends are going to start down the field before the ball is hiked because he wants to get that advantage.

We've taken the referees off the field. This bill tries to put the referees back on the field. Even as trading volumes have increased 8,000 times since the Commodity Futures Trading Commission was first established—8,000 times—we have decreased their number of employees, their number of referees, if you will. Expert economists agree that unchecked, unregulated speculation is inflating the oil bubble and costing American consumers billions at the pump.

I urge my colleagues not for political reasons but for reasons of giving relief to our constituents, men and women trying to support their families who drive up to the pump and say to themselves, ''I can't afford this. I have got

to spend it but I can't afford it,'' let's put a stop to out-of-control speculation in the oil markets that is fueling this run-up in the cost of petroleum and harming consumers and the economy. Let's come together, as we have before, and pass this important energy legislation.

I have said something about Mr. PETERSON. I want to say something about Mr. GOODLATTE. I want to congratulate him for working together with Mr. PETERSON to come up with a bill that can have bipartisan support, a bill which tries to effect reasonable, measured policy. I congratulate them both on this bill, and I urge my colleagues to pass this bill. It is not the only answer, but it is one of the pieces of the puzzle that we need to solve for all of our people.

Mr. GOODLATTE. Mr. Speaker, at this time I am pleased to yield 2½ minutes to the gentleman from Kansas (Mr. MORAN) who is the ranking Republican on the subcommittee of jurisdiction.

Mr. MORAN of Kansas. Mr. Speaker, I rise today to express a serious concern with H.R. 6604. With the demand of rising energy costs, we're bringing to the floor a bill that will, in my opinion, do little to bring down the price of energy. In fact, certain provisions of this bill may lead to an increase in prices and may reduce market transparency and increase market volatility.

I want to be clear. I favor changes at the CFTC and believe we can change the act to improve market transparency, oversight, and enforcement activities. I have been working with CFTC and market participants to create a bill that will enhance those functions while giving regulators the necessary tools to prevent market manipulation and fraud. This bill, however, was put together, in my opinion, too quickly and goes too far.

When changing the Commodity Exchange Act, Congress must proceed in a deliberate manner and take into account the advice of industry users, the CFTC, the President's Working Group, and other experts. This bill should be referred back to the Committee on Agriculture so that we can refine provisions to actually enhance transparency and not exclude legitimate market participants.

One of the problems of this legislation is that it will likely reduce market transparency. This is because of certain provisions like the one dealing with the Foreign Board of Trade that seek direct access to U.S. and provisions that require reporting for certain over-the-counter and exempt commercial markets. That will push traders to foreign markets. Rather than giving the CFTC a better picture of the market, it will reduce the picture that the CFTC has and potentially increase fraud and manipulation. It restricts the CFTC's ability to see the market.

Second, this bill attempts to define a ''bona fide hedging transaction.'' In its current form, section 8 will exclude legitimate commercial market participants from properly hedging risk. This will cause an immediate disruption in the markets as the legitimate market participants are forced out. It will reduce market liquidity and increase price volatility.

I am also concerned with provisions in this bill that require routine reporting and potential use of position limits in over-the-counter transactions that are fungible. ''Fungible'' is not defined and suggests that a significant amount of OTC transactions could be implicated by this section. I am especially concerned about the authority given in section 14 to CFTC to impose position limits on OTC trades.

Finally, Mr. Speaker, not only should this bill be returned to committee because of these provisions so that we can take more time and develop a better product, I also recognize that this bill needs to address the root problem of high energy prices, and this will not do so.

Mr. PETERSON of Minnesota. Mr. Speaker, I am now pleased to recognize the gentleman from Maryland (Mr. VAN HOLLEN), who has been a leader and introduced bills and worked with us on this legislation, for 1 minute.

Mr. VAN HOLLEN. Mr. Speaker, let me start by commending Chairman PETERSON, Ranking Member GOODLATTE and others on the committee for putting together the good compromise that we have today on the floor. I'm pleased to have worked with my colleagues ROSA DELAURO, BART STUPAK, JOHN LARSON, and others to try and establish greater transparency and accountability in our energy futures market so that we can wring out that component of the price that is due to excessive speculation.

Like any compromise, this bill doesn't contain everything that everybody wants, but it's a very important first step to getting at this issue that is affecting consumers every day.

Specifically, I am pleased that this legislation for the first time provides new authority for the CFTC to police the over-the-counter markets and take corrective action where necessary. It also goes a long way to cleaning up the current mess regarding bona fide hedging exemptions so that they are distributed based on true physical, rather than purely financial, risk. It also establishes position limits where necessary and at the same time safeguarding the importance of liquidity in the market.

Mr. Speaker, I want to thank the chairman, the ranking member, and all the people who came together to take what I think is an important first step toward addressing this issue and thank the chairman for saying as new evidence becomes available and collected, we will go farther as we determine necessary.

Mr. GOODLATTE. Mr. Speaker, at this time I would like to yield 2 minutes to the gentleman from Texas (Mr. CONAWAY) who wishes to engage in a colloquy with the chairman on an issue in which I share the concerns raised by the gentleman from Texas.

Mr. CONAWAY. I thank the gentleman from Virginia and would like to ask the gentleman from Minnesota if, in fact, he would engage in a colloquy with me.

Mr. Chairman, many questions have arisen about section 8 and how it addresses bona fide hedging for agriculture and energy commodities. I have asked you to engage in this colloquy to clarify that it is not your intent or the intent of the committee to unnecessarily restrict eligibility for bona fide hedge exemptions.

Under your leadership, Mr. Chairman, we have received hours of testimony from dozens of expert witnesses about excessive speculation and the narrowing of hedge exemptions. The testimony about removing eligibility for a hedge exemption for economic risk is at best inconclusive. This is a very technical area. The Commodity Futures Trading Commission has a lot of expertise in this area. We don't want to leave transactions that were traditionally considered a bona fide hedge left with no way to manage risk domestically.

The CFTC needs discretion in defining what an appropriate hedge is. Though section 8 codifies a portion of the current regulation defining a bona fide hedger, it ignores modern portfolio risk management theories. In doing so, it threatens more than market liquidity. It threatens market function and structure. If granted discretion, the CFTC can more nimbly grant hedge exemptions to those that truly are managing risk.

From our conversations, Mr. Chairman, I know that you're very protective of our domestic futures markets and believe, as I do, that the primary function of these markets is accurate price discovery.

Is it your intent to arbitrarily exclude traditional market participants?

Mr. PETERSON of Minnesota. I thank the gentleman from Texas and assure him that it is not my intent or the intent of this bill to bar conventional hedgers from receiving a hedge exemption.

Section 8 requires the Commodity Futures Trading Commission to define a bona fide hedge exemption, and I trust the Commission will use all of its expertise to strike the appropriate balance allowing for price discovery and risk management.

Mr. CONAWAY. I thank the gentleman. I would ask for your commitment to work with me as this bill moves forward to come to a common understanding of risk management needs and which market participants should be eligible for bona fide hedge exemption.

Mr. PETERSON of Minnesota. The gentleman has my commitment.

Mr. CONAWAY. I thank the gentleman.

Mr. PETERSON of Minnesota. Mr. Speaker, I am now pleased to recognize the gentleman from Virginia (Mr. BOUCHER) for 1 minute.

Mr. BOUCHER. I thank the gentleman from Minnesota for yielding.

I want to commend Chairman PETERSON for his leadership on this measure which will broaden the reach of the Commodity Exchange Act in order to restrict excessive speculation in the energy and agricultural markets.

The concern that I am raising in this colloquy is of particular interest to the electricity sector. I would ask the gentleman if he would be pleased to engage in a colloquy with regard to this matter.

Mr. PETERSON of Minnesota. I would be pleased to do so.

Mr. BOUCHER. The Federal Energy Regulatory Commission has responsibility for regulating natural gas and electricity markets within its jurisdiction. That jurisdiction includes Financial Transmission Rights which are financial instruments which entitle the holders to receive compensation for transmission congestion charges that arise when the transmission grid is congested in the day-ahead market. These rights are traded through an auction and secondarily, through bilateral trading.

The FERC currently regulates these electricity transmission rights through the independent system operators and through the regional transmission organizations across the Nation. The FERC's governance of the sale and use of these rights is important to the FERC's governance of the ISOs and the RTOs.

Is it the intention of the chairman that anything in H.R. 6604 would limit or conflict with the legal authority of the FERC to carry out its regulatory responsibility with regard to financial transmission rights?

Mr. PETERSON of Minnesota. H.R. 6604 is not intended to affect FERC's current jurisdiction over regional transmission organizations or independent system operators. I appreciate the gentleman from Virginia's concern about this legislation's impact on FERC. As with the CFTC reauthorization in the farm bill, we do not see any impact in that area.

I look forward to continuing to work with my friend and the Committee on Energy and Commerce regarding matters of mutual interest.

Mr. BOUCHER. I thank the gentleman for yielding.

Mr. PETERSON of Minnesota. I thank the gentleman.

Mr. GOODLATTE. Mr. Speaker, it is my pleasure to yield 2 minutes to the gentleman from California (Mr. CAMPBELL).

Mr. CAMPBELL of California. I thank the gentleman for yielding.

Mr. Speaker, I stand in strong opposition to this bill. Just last week, the Commodity Futures Trading Commission charged Optiver Holding BV with manipulation of the oil futures markets. They charged them for using a system called ''banging the close'' and charged that they made $1 million dollars with illegal manipulation of the oil futures markets.

You see, Mr. Speaker, it is already illegal to manipulate the oil futures markets, and the CFTC is already enforcing that. What this bill unfortunately does is move beyond manipulation into what is legitimate trading. When Southwest Airlines, which is a well-known organization that recently bought contracts forward and hedged oil prices going forward, when they buy that, someone else owns the other end of that contract. And when oil prices start to go up, the person who owns the other end of that contract tries to reduce their losses so they go into the market to do that. That is not manipulation. That is legitimate trading.

If you stop that, which this bill will, then a Southwest Airlines may not be able to get this kind of hedge in the future, or if they do, it will be much more expensive.

□ 1400

There's a difference between manipulation and legitimate trading. This bill does not recognize that.

So I oppose this bill and urge my colleagues to oppose it. Manipulation is already illegal. The bill will impact legitimate trading. It will move a lot of these trades from the United States to London or Dubai. It will hurt American companies.

And in the end, Mr. Speaker, as the CFTC admitted last week, the major cause of oil prices is not speculation or even manipulation but is, in fact, supply-and-demand factors. If we want to bring oil prices down, we will do it when we increase supply dramatically in this country and lower demand.

Mr. PETERSON of Minnesota. Mr. Speaker, I'm now pleased to yield 1 minute to the gentlelady from Connecticut (Ms. DELAURO), the Chair of the House Agriculture Appropriations Subcommittee, and also a leader on this issue, that's worked with us over this period of time.

Ms. DELAURO. I rise in support of this bill. It's an important first step to address the concerns of millions of Americans, families and farmers, who feel powerless at the gas station and in the grocery store, sensing that something more than supply and demand is going on, producing breathtakingly high prices.

It's a complex issue. Excessive speculation occurs when the market price for a given commodity no longer accurately reflects the forces of supply and demand. We can point to loopholes and exemptions today that have allowed interested parties and special interests access and information to improperly speculate on the price of energy without oversight.

This bill confronts that speculation. It says to the Commodity Futures Trading Commission this is new authority to gather the information from currently unregulated, over-the-counter energy transactions. If it's improper speculation which is driving up the prices, the agency has the authority to act to reduce that speculation. It's new, long overdue authority that will shed light on once hidden markets.

It makes sure we know who is participating in the markets, to what extent, by requiring detailed trading information from index traders and swap dealers. It works to make sure that only those who are legitimate hedgers can use them.

It brings relief and can bring relief to American families and says to the CFTC: Do your regulatory job.

Mr. GOODLATTE. Mr. Speaker, at this time, it is my pleasure to yield 1½ minutes to the gentleman from Connecticut (Mr. SHAYS).

Mr. SHAYS. I rise to support H.R. 6604 because I believe the Commodity Futures Trading Commission, the CFTC, must investigate speculation in the energy futures market and respond to any manipulation and price distortions.

While my view is not unanimous, I believe the increased positions of institutional investors, such as pension funds, endowments and sovereign funds, are contributing to the escalating price of oil at an alarming rate. The CFTC should help level the playing field and apply position limits to the institutional investors, just as the New York Mercantile Exchange, NYMEX, has required of its members for many years.

I also believe the CFTC must work with the British Financial Services Authority, FSA, to establish position limits on oil futures traded on the London Intercontinental Exchange, ICE, similar to those established by the CFTC for traders on the NYMEX.

In overseas markets, such as ICE, U.S. investors can buy as much oil as they want, helping to drive up demand with little to no oversight.

It is essential the CFTC work with the FSA in London to limit positions and gather accurate information on the impact that speculation has on oil prices.

Rising gas prices are indicative of the United States' need to affirm its commitment to renewable energy research and development, and reduce our demand for energy by focusing on conservation. We also need to increase our domestic supply of nuclear power, oil and gas. In addition, transparency in the futures market is needed and very appropriate.

Mr. PETERSON of Minnesota. Mr. Speaker, could I inquire how much time is left on each side?

The SPEAKER pro tempore. The gentleman from Virginia has 6 minutes remaining. The gentleman from Minnesota has 9 minutes remaining.

Mr. PETERSON of Minnesota. I'm now pleased to recognize the gentleman from Connecticut (Mr. LARSON), who is the Vice Chair of our caucus and has introduced bills in this area and

been one of the leaders in working with us to come up with this compromise legislation, for 1 minute.

Mr. LARSON of Connecticut. Mr. Speaker, let me begin by commending this legislation and, more specifically, commending the work of COLLIN PETERSON and BOB GOODLATTE. You are a stellar example of what bipartisan cooperation should be like in this Chamber. Anyone who's witnessed how you have handled the agricultural bill and now this issue begins to deepen your appreciation for the way that you conduct yourself. It's a model for the Congress.

I'd also like to commend my colleagues ROSA DELAURO and CHRIS VAN HOLLEN for the legislation that they contributed to this piece of legislation, and probably the most comprehensive piece of legislation put forward by BART STUPAK who has been an advocate for this for several years. I want to also add FRANK LOBIONDO who assisted in a bipartisan way with this legislation.

But essentially, this came from Main Street and from independent oil dealers who recognize that the laws of supply and demand have been suspended and that what we needed to do was address this issue very forthrightly, but with the cautious manner which Mr. PETERSON has laid out.

I'm delighted that included in the bill is an effort to make sure that there's an Inspector General——

The SPEAKER pro tempore (Mr. ROSS). The time of the gentleman has expired.

Mr. PETERSON of Minnesota. I yield the gentleman an additional 30 seconds.

Mr. LARSON of Connecticut. I thank the chairman.

I'm specifically delighted that there will be an independent Inspector General within the CFTC. This is vitally important to make sure that the kind of oversight that we all desire is going to take place.

I want to further commend John Mitchell, former Republican mayor in South Windsor; his brother, Billy; and Gene Guilford; and the Independent Petroleum Council who came to us with this issue primarily because citizens were coming to them and having to exchange their entire Social Security check in order to get oil for themselves.

Again, I commend the chairman and thank him for the time.

Mr. GOODLATTE. Mr. Speaker, at this time, I'm pleased to yield 2 minutes to the gentleman from Texas (Mr. GOHMERT).

Mr. GOHMERT. Mr. Speaker, I do appreciate the work of Chairman PETERSON, and I've had numerous conversations with my friend BART STUPAK, and I know that a lot of work has been done on this bill, a lot of efforts have been made because of our concern over unfair and inappropriate speculation. And it is a problem, and it has I think been a contributor to some of the rising prices.

One of the concerns some of us had is what about airlines, like Southwest Airlines, who have been able to hedge against inflation by getting these commodities contracts. And we were advised the Air Transport Association, which Southwest is a member—I don't know for sure that they support—but the Air Transport Association has come out in support of the bill and thinks it will help but it doesn't feel like it goes far enough.

This is something I'm going to vote for, and I appreciate all the hard work by Chairman PETERSON and my friend BART STUPAK, but we still come back to the biggest problem on prices being that there has been a tremendous increase in demand, especially through India and China, and we have not had a commensurate increase in the supply.

Supply-and-demand forces are at work. No matter what we do here in Congress, we're not going to decrease the forces of supply and demand on the market. That's what we need to be doing. We need to drill here, drill OCS, drill ANWR, and you know, some people keep saying 10 or 15 years before they'd come on line. The information that I heard was that since there's a pipeline 74 miles from the area of 1002 in ANWR, we could have that coming into the country, to this part of the country, the continental, within 3 years, that we could be bringing in OCS gas and oil in a similar amount of time. That's where we need to go.

I appreciate the work here, and I'm glad you're doing it and I will vote for it. But we need to increase the supply if we're going to help America. That's where the help is required.

GENERAL LEAVE

Mr. PETERSON of Minnesota. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on H.R. 6604, as amended.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. PETERSON of Minnesota. Mr. Speaker, I'm now pleased to yield 1 minute to the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. I thank the gentleman for yielding.

The latest example of a White House that runs energy policy by the oil companies, of the oil companies, and for the oil companies is found in the Statement of Administrative Policy threatening a veto on this bill.

The White House asks to give basically a blank check to the oil companies to drill wherever they want, notwithstanding the fact they already have authorized drilling for 34 billion barrels offshore. And then the White House opposes our efforts to address speculation.

The bill before us is a substantive and measured approach at trying to make certain that the price our consumers are paying at the pump is based on consideration of the supply and demand and not market manipulation.

Greater transparency, more reporting of transactions, greater oversight, 100 new personnel at the Commodity Futures Trading Commission, greater enforcement, a stronger direction from Congress to drive out excessive speculation: you would think this would be one area where the White House and the Congress could agree.

I urge passage of this bill.

Mr. GOODLATTE. Mr. Speaker, at this time, it's my pleasure to yield 2 minutes to the gentleman from Georgia (Mr. WESTMORELAND).

Mr. WESTMORELAND. I want to thank the ranking member for yielding.

And a while ago, I heard the majority leader say that this was not a sham. Well, we've seen this snake oil shop set up before when we've voted on things under the suspension rules, and that's what makes this a hoax. That's what makes this a joke.

Half of this House is being shut out, if not all of this House is being shut out, from offering amendments on the floor. The 700,000 people I represent in Georgia's Third Congressional District, Mr. Speaker, had no input into this.

And so we can call it what we want to, but it's a red herring. We are trying to put the attention on something that will not increase our U.S. oil production.

Seventy-three percent, Mr. Speaker, of American people say let's drill here, let's drill now, let's increase our oil production, let's bring up the supply; that will drive down the cost of our oil.

I want to read you a quote, and this is from Speaker PELOSI: ''This call for drilling in areas that are protected is a hoax. It's an absolute hoax on the part of the Republicans and the administration.''

Here's a number for the switchboard in the U.S. House of Representatives, Mr. Speaker. I encourage the 73 percent of the American people that say that drilling is the right thing for us to do, that we should use our own natural resources, not be dependent on foreign oil, that we should let her know because I'm telling you, the Republican minority in this House cannot do anything to make the Democratic majority bring a bill forward through regular order that would give us or have an ability to either amend the bill or have a motion to recommit where the American people could really tell how their representatives feel about increasing U.S. oil production.

This is just smoke and mirrors. This is smoke and mirrors so they can go home during the August recess and say they voted on something. This is not an increase in our U.S. oil supply.

Mr. PETERSON of Minnesota. Mr. Speaker, I'm pleased to yield 1 minute to the gentleman from Washington (Mr. INSLEE).

(Mr. INSLEE asked and was given permission to revise and extend his remarks.)

Mr. INSLEE. Was this part of the secret Dick Cheney task force to come up with an opposition to have a little transparency in the speculation markets? Secrecy does its worst work in the dark, and that's what happened in the Cheney secret energy task force. And why should we allow these speculative markets to continue in the dark?

The people who support this are not a bunch of hemp smoking Communists. The Air Transport Association, the people whose industry is on the verge of disaster, realize we have to rein in this rampant speculation. These are capitalists, CEOs, accountants who know that we've got to get to the root of this speculation.

And I don't understand, when it comes to energy, my Republican colleagues are against virtually every solution. Speculation, they're against it. Opening the SPR, they're against it. Solar energy in our REC standard, they're against it. Wind in our tax bill, they're against it. Electrified cars in our CAFE, they're against it. They're the none-of-the-above caucus.

Mr. GOODLATTE. Mr. Speaker, I'd ask the chairman how many speakers he has remaining. I'm the only one right now on the floor on our side.

Mr. PETERSON of Minnesota. I've got one additional speaker here right now and potentially maybe one more.

Mr. GOODLATTE. I reserve my time.

Mr. PETERSON of Minnesota. Mr. Speaker, I'd be pleased to yield 1 minute to the gentleman from Vermont (Mr. WELCH).

□ 1415

Mr. WELCH of Vermont. Mr. Speaker, I want to congratulate the chairman, Mr. PETERSON, and the ranking member, Mr. GOODLATTE, for doing the usual bipartisan work to address a problem in a practical way.

The question that they faced is this: Will the futures market be one that is dedicated to price efficiency or will it be hijacked for speculative market manipulation? Will the futures markets serve the needs of those who need it—airliners, fuel dealers, truckers—or will it be in service of financial speculators who, moment to moment, are trying to take advantage of the volatility at the expense of the American consumer?

This legislation strikes a balance. It sends a clear message that the markets should be about price efficiency, not short-term momentary advantage when the consequence is inflicting damage on the American family, the American small business, the American economy.

There are practical steps in here—overseeing offshore trading, position limits, over-the-counter trading regulations. These are things that should be done and are being done.

Mr. GOODLATTE. Mr. Speaker, I reserve the balance of my time.

Mr. PETERSON of Minnesota. Mr. Speaker, I am now pleased to yield 2 minutes to the gentleman from Georgia, a member of our committee who has worked long and hard on this issue, and we appreciate his involvement.

Mr. MARSHALL. I thank the chairman. And to the chairman and the ranking member, I've just got nothing but applause. This has been a very, very difficult issue to grapple with because it is so complicated.

There is no question that America needs to do more as far as energy is concerned, and there are lots of different ways to go about doing that. And there are a lot of market fundamentals that are involved in explaining what our current price challenges are for commodities, agriculture, oil, and others.

But there is also no question that part of the price impact is due to investment money that has flowed onto these markets through index funds, investment money that was really never intended to be on the futures market. The futures markets were set up to help airlines and ag producers and others in hedging commercial risk. And liquidity was added in the form of speculation in order to enhance the hedging of commercial risk. These markets were never intended as a place to simply come and park a commodity investment. One expert has described this as being an uncoordinated, unintended squeeze of the market. And we've got to do something about it.

We have a bipartisan bill. There have been very few voices that have spoken in opposition to this bill. Some of those voices are saying we should drill more. I agree. Some of those voices are saying—the gentleman from California, for example, suggested that airlines are not in favor of this bill when, in fact, they are in favor of this bill. Those who use these markets know there's a problem. Consumers have no other explanation for why prices have risen so much.

We have a bipartisan bill. It's a good bill. I commend the chairman. I commend the ranking member. There's more work to be done on the bill; we'll be able to do that work on the bill in conference with the Senate to improve the bill. So we're still listening to folks, but this bill is an excellent start at addressing a real problem. There is no reason in the world why it ought not be passed. And if passed, it will lower prices.

Mr. GOODLATTE. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, I appreciate the comment of the gentleman from Georgia about the fact that he favors drilling. I favor drilling. Most of the people over here who have had the opportunity to speak favor drilling.

We favor doing a whole lot more than drilling, too. We would like to see increased incentives for nuclear production. We would like to see incentives for coal liquefaction and clean burning coal technology, coal sequestration technology. We would like to see legislation to encourage hydrogen fuel cell technology, solar technology, wind technology to be expanded to make America energy independent.

But instead, today we're voting on legislation—which I support, which does a good job of enhancing the ability of the Commodity Futures Trading Commission to oversee futures trading, brings more transparency to that, and I support it. But it is not going to solve the problem that the American people face, with the high cost of gasoline going into their tanks, of fuel oil that they're going to have to purchase to heat their home this winter, the higher cost of electricity that they're facing because this Congress refuses to allow us to vote on the American Energy Act and other good pieces of legislation that have been offered here in this Congress to increase the domestic supply of energy.

That's what we should be spending our time doing, not voting to go home for the August recess and leaving that very, very serious problem—which is having a very significant impact on our economy—unaddressed. We should have a vote on the American Energy Act.

I think it is a very serious mistake for the Democratic leadership to deny this Congress and bipartisan Members on both sides of the aisle the opportunity to vote on what the American people want us to vote on. That's the problem that they see here in Washington. They don't understand it. And I don't understand why the Democratic leadership is afraid of allowing democracy to work and have the vote that we need to have here in the Congress.

I urge my colleagues to support this legislation, but I urge them to continue to fight for the legislation we need to have on this floor.

Mr. PETERSON of Minnesota. Mr. Speaker, I yield myself the balance of my time.

Again, I want to thank Mr. GOODLATTE and assure him that there is one more person over here that agrees with him, that we should do everything we can to exploit all of our domestic energy sources, whatever they might be. And I would agree with him on that. I would add one other thing. In addition to that, we ought to promote conservation because we can probably save more energy with that than anything else that we do. So I'm for all of that. But we have this issue and we are addressing this, and I hope we can keep the focus on that. But again, I want to thank him for his help, and all the members of my committee.

Our interest on the Agriculture Committee has been to make sure that we maintain these markets for our agriculture producers. This is where the commodity futures business started is in agriculture. We are much smaller markets now than energy and than financials. And we're concerned about what's going on with this additional money that's coming into the markets, in terms of the agriculture markets.

We are lacking convergence in some of our ag markets. We have a situation where the basis is $2 difference between the future price of what somebody can get at the elevator. So we have issues

here that we are very concerned about, and we have taken the steps that we think we have the information to be able to address. We're closing the London loophole. We're taking the look-alike contracts that are just a substitute for something that's on the regulated market and we're giving the CFTC some authority to put position limits on that part of the OTC market.

But in the areas where we don't have enough information—which is considerable in the OTC market—in terms of how much of this is pension funds, how much is index funds, how much is hedge funds? Are they long or are they short? What's going on within that market? We don't have that information.

So in this bill we are requiring the CFTC to come up with this information, bringing it back to us so that we can sort this out and figure out exactly what is going on with all this additional money that's coming into the marketplace.

We've also asked the regulated market, the CME, to look into why we don't have convergence of the wheat market, why we had a problem with cotton here a few months ago.

We are, we think, doing a responsible effort here to address a concern that's been raised by a lot of people, and we are looking forward to getting the rest of this information. We have a good bill, a responsible bill. I encourage my colleagues to support it.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. NEUGEBAUER. Mr. Speaker, I ask unanimous consent that a letter from the Department of the Treasury and the President's Working Group be entered into the RECORD in connection with this bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

JULY 29, 2008.

Hon. RANDY NEUGEBAUER,
House of Representatives,
Washington, DC.

DEAR CONGRESSMAN NEUGEBAUER: In response to your July 25 letter, we are providing the views of the President's Working Group on Financial Markets (PWG) concerning H.R. 6604—legislation addressing regulation of the U.S. energy futures markets.

The PWG is concerned that high commodity prices are putting a considerable strain on American families and businesses. Proper regulation of the energy futures markets is necessary to ensure that prices reflect economic factors, rather than manipulative forces. To this end, the PWG worked with Congress to develop additional regulatory authorities for the CFTC, enacted earlier this year, to regulate certain over-the-counter (OTC) energy transactions on electronic exchanges. The PWG also supports the recent steps taken by the CFTC to improve the oversight and transparency of the energy futures markets.

The PWG agencies also are participating in an Interagency Task Force on Commodity Markets that is studying the role of economic fundamentals and speculation in the commodity markets. The Task Force recently published an Interim Report on Crude Oil, which found that fundamental supply and demand factors provide the best explanation for the recent crude oil price increases. If the future work of this Task Force or the analysis of data the CFTC has recently collected from commodity market participants suggests that changes to futures market regulation are necessary, the PWG stands ready to assist lawmakers in crafting such modifications.

However, the PWG believes that bill H.R. 6604, as reported, could harm U.S. energy markets without evidence that it would lower crude oil prices. Among its several provisions, it would curtail certain types of trading in the futures markets. Such restrictions on market participation could reduce market liquidity, hinder the price discovery process, and limit the ability of market participants to manage and transfer risk. Provisions in the bill also may harm U.S. competitiveness by driving some trading to overseas markets or to more opaque trading systems at a time when policymakers are trying to encourage greater transparency. Should this legislation become law, the chances of significant unintended consequences in the markets would be high.

This legislation would give the CFTC regulatory authorities over certain OTC transactions for the first time. It has been the long-held view of the PWG that bilateral, OTC derivatives transactions do not require the same degree of regulatory oversight as exchange-traded instruments because they do not raise the investor protection and manipulation concerns associated with exchange-traded instruments. Regulating these OTC instruments could prove costly and difficult to administer by both regulators and the industry given the size and nature of the market might not provide meaningful regulatory data, and could negatively affect the ability of U.S. firms and markets to compete globally in these types of transactions.

To date, the PWG has not found valid evidence to suggest that high crude oil prices over the long term are a direct result of speculation or systematic market manipulation by traders. Rather, prices appear to be reflecting tight global supplies and the growing world demand for oil, particularly in emerging economies. As a result, Congress should proceed cautiously before drastically changing the regulation of the energy markets.

We look forward to working with Congress on these important energy market issues and appreciate your seeking our views.

Sincerely,

HENERY M. PAULSON, Jr.,
Secretary of the Treasury.

BEN S. BERNANKE,
Chairman, Board of Governors of the Federal Reserve System.

CHRISOPHER COX,
Chairman, Securities and Exchange Commission.

WALTER L. LUKKEN,
Acting Chairman, Commodity Futures Trading Commission.

Mr. DINGELL. Mr. Speaker, I rise to support H.R. 6604, the "Commodity Markets Transparency and Accountability Act of 2008."

This legislation will ratchet back the excessive speculation which has undermined the ability of the commodity markets to enable price discovery, while ensuring a means for legitimate hedgers, such as airlines, to lock in future prices as a way to protect their business from price volatility.

Experts testified before the Committee on Energy and Commerce that commodity index speculators, such as pension funds, endowments, and sovereign wealth funds, have poured more than a quarter trillion dollars into purchases of a basket of essential commodities such as oil, natural gas, corn, and wheat. Investments tied to the two most popular commodity indexes have skyrocketed 1,900 percent in the past 5 years.

This is the one factor that has turbocharged oil prices far above their underlying supply and demand. This bill works to plug three loopholes that have allowed speculation to get out of hand, in markets immune largely from public disclosure, regulation, and transparency.

First, the "London loophole," allows foreign boards of trade such as the London-based ICE-Futures, to offer futures contracts in this country for U.S.-delivered energy commodities, such as the West Texas Intermediate Crude Oil Contract, but operate free from equivalent U.S. regulatory oversight.

This legislation requires electronic exchanges in London or Dubai to comply with key market integrity requirements as a condition of doing business in the U.S. I will be watching closely to see if this approach works or if stronger medicine is needed.

Second, the swaps loophole, allows large investment banks to exceed speculative trading limits on the futures markets. This loophole has been plugged.

Third is the Enron loophole that has enabled massive trading on over-the-counter (OTC) markets which are completely dark to regulators. It also involves another loophole for swaps transactions on the OTC.

These dark markets have grown so rapidly that the Bank of International Settlements estimates they now involve about $9 trillion in commodities. This is estimated to be about nine times what is traded on the regulated markets. This bill shines light on these dark markets for the first time.

It takes a large and important first step towards putting a cop back on the beat. My hope is that this bill will bring prices back in line with underlying supply and demand. Further, I am comforted by Chairman PETERSON's commitment to consider additional measures in the dark markets as more data is available from the CFTC.

I want to commend Representatives STUPAK, VAN HOLLEN, DELAURO, and LARSON, for their excellent work and want to recognize Chairman COLLIN PETERSON, Ranking Member BOB GOODLATTE, and their staffs for their leadership in bringing this bill to the floor. I look forward to working with them in conference.

Mr. MARKEY. Mr. Speaker, I rise in support of this bill, and I commend Chairman PETERSON and Chairman ETHERIDGE for their leadership in bringing this measure to the House floor.

When we have mounting evidence that today's high oil prices are due in part to excessive futures and derivatives market speculation, we must take action to help the American consumer who is struggling to pay $4 for a gallon of gas. We must stand up to speculators who are aiding and abetting big oil companies that continue to rake in record profits and laugh all the way to the bank.

In 2000, a regulatory black hole was created that took the cop off the beat when it comes to energy commodities. This law allowed energy commodities to be exempted from virtually all of the laws that we have had in place for agricultural and financial commodities.

At the time this bill passed the House, I argued that this loophole was not in the public interest and that it needed to be fixed in conference in order to prevent harm to energy markets and consumers. But it was not fixed.

The Enron loophole allowed speculators and financial operators to hide their actions from regulators and the public.

In May, Congress took the first step towards closing the Enron loophole when it passed, over President Bush's veto, the farm bill. That bill contained language that will help bring these commodities trades under greater federal oversight.

In June, this House took the next step, when it approved legislation that directed the Commodity Futures Trading Commission to examine excessive oil speculation and use their emergency powers to take corrective action.

But the Congress needs to take further actions to address excessive speculation in these markets.

The bill before us today does that.

It would close the so-called London Loophole that has allowed traders to evade U.S. regulation by offshoring their trades.

It would require additional information to be made public regarding the trading activities of index funds—and other investors—in energy commodities markets.

It would subject over-the-counter energy derivatives transactions to regulatory reporting and recordkeeping requirements, including position reporting.

It positions limits for certain contracts on energy commodities, and mandates position limits for energy commodity speculators.

It requires the Commission to appoint at least 100 new full time employees.

It requires the Commission to mandate routine reporting of certain OTC energy transactions, determine whether such agreements have the potential to disrupt market liquidity and price discovery, cause severe market disturbance, or prevent prices from reflecting supply and demand. If the Commission finds that they have caused problems in these areas, it is authorized to impose and enforce position limits on the involved agreements.

The energy, economic and the environmental crisis we face are all connected. It is time for Congress to stop playing favorites to Big Oil. Cracking down on speculation will not only help families with skyrocketing gas prices, it will give needed relief to the airline industry, the trucking industry and small businesses across my district in Massachusetts. This is a good bill. It is a necessary bill, and I urge its adoption.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Minnesota (Mr. PETERSON) that the House suspend the rules and pass the bill, H.R. 6604, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

Mr. GOODLATTE. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

Pursuant to clause 8 of rule XX, this 15-minute vote on suspending the rules and passing H.R. 6604, as amended, will be followed by a 5-minute vote on suspending the rules and passing H.R. 6445, as amended (if ordered).

The vote was taken by electronic device, and there were—yeas 276, nays 151, not voting 8, as follows:

[Roll No. 540]

YEAS—276

Abercrombie
Ackerman
Allen
Altmire
Andrews
Arcuri
Baca
Baird
Baldwin
Becerra
Berkley
Berry
Bilbray
Bilirakis
Bishop (GA)
Bishop (NY)
Blumenauer
Bono Mack
Boren
Boswell
Boucher
Boustany
Boyda (KS)
Brady (PA)
Braley (IA)
Brown, Corrine
Buchanan
Butterfield
Capito
Capps
Capuano
Cardoza
Carnahan
Carney
Carson
Castle
Castor
Cazayoux
Chabot
Chandler
Childers
Clay
Cleaver
Clyburn
Cohen
Conaway
Conyers
Costello
Courtney
Cramer
Cuellar
Cummings
Davis (CA)
Davis (IL)
Davis, Lincoln
Deal (GA)
DeFazio
DeGette
Delahunt
DeLauro
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Dicks
Dingell
Doggett
Donnelly
Doyle
Duncan
Edwards (MD)
Edwards (TX)
Ehlers
Ellison
Ellsworth
Emanuel
Emerson
Engel
English (PA)
Eshoo
Etheridge
Farr
Fattah
Filner
Forbes
Fortenberry
Frank (MA)
Frelinghuysen
Gallegly
Gerlach
Giffords
Gilchrest
Gillibrand
Gohmert
Gonzalez
Goode
Goodlatte
Gordon
Graves
Green, Al
Green, Gene
Grijalva
Gutierrez
Hall (NY)
Hare
Harman
Hastings (FL)
Hayes
Herseth Sandlin
Higgins
Hill
Hinchey
Hinojosa
Hirono
Hodes
Holden
Holt
Honda
Hooley
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (GA)
Johnson (IL)
Johnson, E. B.
Jones (NC)
Jones (OH)
Kagen
Kanjorski
Kaptur
Keller
Kennedy
Kildee
Kilpatrick
Kirk
Klein (FL)
Knollenberg
Kucinich
Kuhl (NY)
LaHood
Langevin
Larsen (WA)
Larson (CT)
Latham
LaTourette
Levin
Lewis (GA)
Lewis (KY)
Lipinski
LoBiondo
Loebsack
Lofgren, Zoe
Lowey
Lynch
Mahoney (FL)
Markey
Marshall
Matsui
McCarthy (NY)
McCollum (MN)
McCotter
McDermott
McGovern
McHugh
McIntyre
McNerney
McNulty
Meek (FL)
Michaud
Miller (MI)
Miller (NC)
Miller, George
Mitchell
Mollohan
Moore (KS)
Moore (WI)
Moran (VA)
Murphy (CT)
Murphy, Patrick
Murphy, Tim
Murtha
Nadler
Napolitano
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Pallone
Pascrell
Pastor
Pelosi
Perlmutter
Peterson (MN)
Platts
Pomeroy
Porter
Price (NC)
Rahall
Ramstad
Rangel
Reyes
Richardson
Rodriguez
Rogers (AL)
Ros-Lehtinen
Ross
Rothman
Roybal-Allard
Ruppersberger
Ryan (OH)
Salazar
Sánchez, Linda T.
Sanchez, Loretta
Sarbanes
Schakowsky
Schiff
Schwartz
Scott (GA)
Scott (VA)
Serrano
Sestak
Shays
Shea-Porter
Sherman
Shuler
Shuster
Sires
Skelton
Slaughter
Smith (NJ)
Smith (WA)
Snyder
Solis
Souder
Space
Speier
Spratt
Stark
Stearns
Stupak
Sutton
Tanner
Taylor
Terry
Thompson (CA)
Thompson (MS)
Tierney
Towns
Tsongas
Udall (CO)
Udall (NM)
Upton
Van Hollen
Velázquez
Visclosky
Walsh (NY)
Walz (MN)
Wamp
Wasserman Schultz
Waters
Watson
Watt
Waxman
Welch (VT)
Weller
Wexler
Wilson (OH)
Wittman (VA)
Wolf
Woolsey
Wu
Yarmuth
Young (FL)

NAYS—151

Aderholt
Akin
Alexander
Bachmann
Bachus
Barrett (SC)
Bartlett (MD)
Barton (TX)
Bean
Biggert
Bishop (UT)
Blackburn
Blunt
Boehner
Bonner
Boozman
Boyd (FL)
Brady (TX)
Broun (GA)
Brown (SC)
Burgess
Burton (IN)
Buyer
Calvert
Camp (MI)
Campbell (CA)
Cannon
Cantor
Carter
Clarke
Coble
Cole (OK)
Cooper
Costa
Crenshaw
Crowley
Culberson
Davis (AL)
Davis (KY)
Davis, David
Davis, Tom
Doolittle
Drake
Dreier
Everett
Fallin
Feeney
Ferguson
Flake
Fossella
Foster
Foxx
Franks (AZ)
Garrett (NJ)
Gingrey
Granger
Hall (TX)
Hastings (WA)
Heller
Hensarling
Herger
Hobson
Hoekstra
Hunter
Inglis (SC)
Issa
Johnson, Sam
Jordan
Kind
King (IA)
King (NY)
Kingston
Kline (MN)
Lamborn
Lampson
Latta
Lewis (CA)
Linder
Lucas
Lungren, Daniel E.
Mack
Maloney (NY)
Manzullo
Marchant
Matheson
McCarthy (CA)
McCaul (TX)
McCrery
McHenry
McKeon
McMorris Rodgers
Meeks (NY)
Melancon
Mica
Miller (FL)
Miller, Gary
Moran (KS)
Musgrave
Myrick
Neugebauer
Nunes
Paul
Pearce
Pence
Peterson (PA)
Petri
Pickering
Pitts
Poe
Price (GA)
Pryce (OH)
Putnam
Radanovich
Regula
Rehberg
Reichert
Renzi
Reynolds
Rogers (KY)
Rogers (MI)
Rohrabacher
Roskam
Royce
Ryan (WI)
Sali
Saxton
Scalise
Schmidt
Sensenbrenner
Sessions
Shadegg
Shimkus
Simpson
Smith (NE)
Smith (TX)
Sullivan
Tancredo
Tauscher
Thornberry
Tiahrt
Tiberi
Turner
Walberg
Walden (OR)
Weiner
Weldon (FL)
Westmoreland
Whitfield (KY)
Wilson (NM)
Wilson (SC)
Young (AK)

NOT VOTING—8

Barrow
Berman
Brown-Waite, Ginny
Cubin
Hulshof
Lee
Payne
Rush

□ 1455

Ms. BEAN, Mrs. MCMORRIS RODGERS, Ms. CLARKE, Mrs. SCHMIDT, and Messrs. HOBSON, SIMPSON, PETERSON of Pennsylvania, DAVIS of Alabama, COLE of Oklahoma, SULLIVAN, LUCAS, TURNER, CRENSHAW, PITTS, RENZI, HUNTER, SAXTON, DAVID DAVIS of Tennessee, ROGERS of Michigan, and FOSTER changed their vote from ''yea'' to ''nay.''

Mrs. BONO MACK, Mrs. SCHMIDT, Messrs. KIRK, WITTMAN of Virginia, PITTS, and PETERSON of Pennsylvania changed their vote from ''nay'' to ''yea.''

So (two-thirds not being in the affirmative) the motion was rejected.

The result of the vote was announced as above recorded.