

111TH CONGRESS
1ST SESSION

H. R. 2869

To require the Commodity Futures Trading Commission to take certain actions to prevent the manipulation of energy markets, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 15, 2009

Mr. DEFAZIO (for himself and Mr. WELCH) introduced the following bill;
which was referred to the Committee on Agriculture

A BILL

To require the Commodity Futures Trading Commission to take certain actions to prevent the manipulation of energy markets, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Energy Market Manip-
5 ulation Prevention Act”.

6 **SEC. 2. ENERGY MARKET MANIPULATION PREVENTION.**

7 (a) FINDINGS.—Congress finds that—

8 (1) in 1974, the Commodity Futures Trading
9 Commission (referred to in this Act as the “Com-

1 mission”) was established as an independent agency
2 with a mandate—

3 (A) to enforce and administer the Com-
4modity Exchange Act (7 U.S.C. 1 et seq.);

5 (B) to ensure market integrity;

6 (C) to protect market users from fraud
7 and abusive trading practices; and

8 (D) to prevent and prosecute manipulation
9 of the price of any covered commodity in inter-
10state commerce;

11 (2) Congress has given the Commission author-
12ity under the Commodity Exchange Act (7 U.S.C. 1
13et seq.) to take necessary actions to address market
14emergencies;

15 (3) the Commission may use the emergency au-
16thority of the Commission with respect to any major
17market disturbance that prevents the market from
18accurately reflecting the forces of supply and de-
19mand for a covered commodity;

20 (4) in section 4a(a) of the Commodity Ex-
21change Act (7 U.S.C. 6a(a)), Congress has declared
22that excessive speculation imposes an undue and un-
23necessary burden on interstate commerce;

1 (5) in May 2009, crude oil inventories in the
2 United States were at the highest level of crude oil
3 inventories on record;

4 (6) in May 2009, demand for oil in the United
5 States dropped to the lowest level of demand in
6 more than a decade;

7 (7) the national average price of a gallon of
8 gasoline has jumped from \$1.64 per gallon in late
9 December of 2008 to over \$2.61 per gallon as of
10 June 8, 2009;

11 (8) crude oil prices have increased by over 70
12 percent since the middle of January 2009; and

13 (9) in May 2009, the International Energy
14 Agency predicted that global demand for oil will de-
15 crease in 2009 to the lowest level of demand since
16 1981.

17 (b) DUTIES OF COMMISSION.—The Commission shall
18 use the authority of the Commission, including the emer-
19 gency authority of the Commission—

20 (1) to curb immediately the role of excessive
21 speculation in any contract market—

22 (A) that is within the jurisdiction and con-
23 trol of the Commission; and

24 (B) on or through which energy futures or
25 swaps are traded;

1 (2) to eliminate excessive speculation, price dis-
2 tortion, sudden or unreasonable fluctuations or un-
3 warranted changes in prices, or other unlawful activ-
4 ity that causes major market disturbances that pre-
5 vent the market from accurately reflecting the forces
6 of supply and demand for energy commodities;

7 (3) to classify immediately each bank holding
8 company that engages in energy futures trading as
9 a noncommercial participant, and subject the bank
10 holding company to strict position limits;

11 (4) to require immediately that each hedge fund
12 engaged in the trading of energy futures for the
13 hedge fund, or on behalf of a client of the hedge
14 fund—

15 (A) to register with the Commission as a
16 noncommercial participant; and

17 (B) to be subject to strict speculation lim-
18 its;

19 (5) to eliminate conflicts of interest that may
20 arise in situations during which 1 entity owns or
21 controls a unit that is—

22 (A) designed to predict the future price of
23 oil;

24 (B) engaged in the operations of oil assets,
25 including pipelines and storage facilities; and

1 (C) engaged in the buying or selling of en-
2 ergy derivatives for the unit, or on behalf of a
3 client of the unit; and

4 (6) to revoke immediately each staff no-action
5 letter that covers a foreign board of trade that has
6 established trading terminals in the United States
7 for the purpose of trading United States commod-
8 ities to United States investors.

○