

112TH CONGRESS  
2D SESSION

# H. R. 4391

To require the Commodity Futures Trading Commission to take certain actions to reduce excessive speculation in energy markets.

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IN THE HOUSE OF REPRESENTATIVES

APRIL 18, 2012

Ms. HOCHUL introduced the following bill; which was referred to the Committee on Agriculture

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## A BILL

To require the Commodity Futures Trading Commission to take certain actions to reduce excessive speculation in energy markets.

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. ENERGY MARKETS.**

4 (a) FINDINGS.—Congress finds that—

5 (1) the Commodity Futures Trading Commis-  
6 sion was created as an independent agency, in 1974,  
7 with a mandate—

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

10 (B) to ensure market integrity;

1 (C) to protect market users from fraud  
2 and abusive trading practices; and

3 (D) to prevent and prosecute manipulation  
4 of the price of any commodity in interstate  
5 commerce;

6 (2) Congress has given the Commodity Futures  
7 Trading Commission authority under the Commodity  
8 Exchange Act (7 U.S.C. 1 et seq.) to take necessary  
9 actions to address market emergencies;

10 (3) the Commodity Futures Trading Commis-  
11 sion may use the emergency authority of the Com-  
12 mission with respect to any major market disturb-  
13 ance that prevents the market from accurately re-  
14 flecting the forces of supply and demand for a com-  
15 modity;

16 (4) Congress declared in section 4a of the Com-  
17modity Exchange Act (7 U.S.C. 6a) that excessive  
18 speculation imposes an undue and unnecessary bur-  
19 den on interstate commerce;

20 (5) according to an article published in Forbes  
21 on February 27, 2012, excessive oil speculation  
22 “translates out into a premium for gasoline at the  
23 pump of \$.56 a gallon” based on a recent report  
24 from Goldman Sachs;

25 (6) on March 30, 2012—

1 (A) the supply of crude oil and gasoline  
2 was higher than the supply was on March 27,  
3 2009, when the national average price for a gal-  
4 lon of regular unleaded gasoline was just \$2.04;  
5 and

6 (B) demand for gasoline in the United  
7 States was lower than demand was on April 3,  
8 1998;

9 (7) on March 30, 2012, the national average  
10 price of regular unleaded gasoline was over \$3.94 a  
11 gallon, the highest national average price ever re-  
12 corded in the United States during the month of  
13 March;

14 (8) during the last quarter of 2011, according  
15 to the International Energy Agency—

16 (A) the world oil supply rose by 1,300,000  
17 barrels per day while demand only increased by  
18 700,000 barrels per day; but

19 (B) the price of Texas light sweet crude  
20 rose by over 12 percent;

21 (9) on November 3, 2011, Gary Gensler, the  
22 Chairman of the Commodity Futures Trading Com-  
23 mission testified before the Senate Permanent Sub-  
24 committee on Investigations that “80 to 87 percent  
25 of the [oil futures] market” is dominated by “finan-

1 cial participants, swap dealers, hedge funds, and  
2 other financials,” a figure that has more than dou-  
3 bled over the past decade;

4 (10) excessive oil and gasoline speculation is  
5 creating major market disturbances that prevent the  
6 market from accurately reflecting the forces of sup-  
7 ply and demand;

8 (11) the Commodity Futures Trading Commis-  
9 sion has a responsibility—

10 (A) to ensure that the price discovery for  
11 oil and gasoline accurately reflects the fun-  
12 damentals of supply and demand; and

13 (B) to take immediate action to implement  
14 strong and meaningful position limits to regu-  
15 lated exchange markets to eliminate excessive  
16 oil speculation; and

17 (12) record high gasoline prices place a heavy  
18 economic burden on farmers, businesses, and fami-  
19 lies across the United States.

20 (b) ACTIONS.—Not later than 14 days after the date  
21 of enactment of this Act, the Commodity Futures Trading  
22 Commission shall use the authority of the Commission (in-  
23 cluding emergency powers)—

24 (1) to curb immediately the role of excessive  
25 speculation in any contract market within the juris-

1       diction and control of the Commission, on or  
2       through which energy futures or swaps are traded;

3           (2) to eliminate excessive speculation, price dis-  
4       tortion, sudden or unreasonable fluctuations, or un-  
5       warranted changes in prices, or other unlawful activ-  
6       ity that is causing major market disturbances that  
7       prevent the market from accurately reflecting the  
8       forces of supply and demand for energy commod-  
9       ities; and

10          (3) to prioritize finalizing and enforcing a posi-  
11       tion limits regime designed to diminish, eliminate, or  
12       prevent excessive speculation in energy markets.

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