

112TH CONGRESS
2D SESSION

H. R. 4457

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

IN THE HOUSE OF REPRESENTATIVES

APRIL 19, 2012

Mr. HINCHEY (for himself, Mr. CICILLINE, Mr. GRIJALVA, Mr. BOSWELL, Mr. COHEN, Mr. COURTNEY, Mr. DEFazio, Ms. DELAURO, Ms. ESHOO, Mr. FARR, Mr. FILNER, Mr. GUTIERREZ, Mr. HONDA, Mr. JACKSON of Illinois, Ms. ZOE LOFGREN of California, Mr. MARKEY, Mr. MCINTYRE, Mr. RANGEL, Ms. LINDA T. SÁNCHEZ of California, Ms. TSONGAS, Mr. VAN HOLLEN, Mr. WELCH, Mr. KISSELL, Ms. BALDWIN, Mr. YARMUTH, Mrs. DAVIS of California, Mr. MICHAUD, and Mr. MCGOVERN) 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 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—

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

3 (B) to ensure market integrity;

4 (C) to protect market users from fraud
5 and abusive trading practices; and

6 (D) to prevent and prosecute manipulation
7 of the price of any commodity in interstate
8 commerce;

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

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

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

23 (5) according to an article published in Forbes
24 on February 27, 2012, excessive oil speculation
25 “translates out into a premium for gasoline at the

1 pump of \$.56 a gallon” based on a recent report
2 from Goldman Sachs;

3 (6) on March 9, 2012—

4 (A) the supply of crude oil and gasoline
5 was higher than the supply was on March 6,
6 2009, when the national average price for a gal-
7 lon of regular unleaded gasoline was just \$1.94;
8 and

9 (B) demand for gasoline in the United
10 States was lower than demand was on June 20,
11 1997;

12 (7) on March 12, 2012, the national average
13 price of regular unleaded gasoline was over \$3.82 a
14 gallon, the highest price ever recorded in the United
15 States during the month of March;

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

18 (A) the world oil supply rose by 1,300,000
19 barrels per day while demand only increased by
20 700,000 barrels per day; but

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

23 (9) on November 3, 2011, Gary Gensler, the
24 Chairman of the Commodity Futures Trading Com-
25 mission testified before the Senate Permanent Sub-

1 committee on Investigations that “80 to 87 percent
2 of the [oil futures] market” is dominated by “finan-
3 cial participants, swap dealers, hedge funds, and
4 other financials,” a figure that has more than dou-
5 bled over the past decade;

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

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

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

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

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

23 (1) to curb immediately the role of excessive
24 speculation in any contract market within the juris-
25 diction and control of the Commission, on or

1 through which energy futures or swaps are traded;
2 and

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.

○