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. HINCHEN (for himself, Mr. CICILLINE, Mr. GRIJALVA, Mr. BOSWELL, Mr. COHEN, Mr. COURTNEY, Mr. DEFAZIO, Ms. DELAUR, Ms. ESHOO, Mr. FARR, Mr. FILNER, Mr. GUTIERREZ, Mr. HONDA, Mr. JACKSON of Illinois, Ms. LOFGREN of California, Mr. MARKEY, Mr. MCINTYRE, Mr. RANGEL, Ms. LINDA T. SANCHEZ 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.

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

SECTION 1. ENERGY MARKETS.

(a) FINDINGS.—Congress finds that—

(1) the Commodity Futures Trading Commis-
sion was created as an independent agency, in 1974,

with a mandate—
(A) to enforce and administer the Commodity Exchange Act (7 U.S.C. 1 et seq.);

(B) to ensure market integrity;

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

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

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

(3) the Commodity Futures Trading Commission may use the emergency authority of the Commission with respect to any major market disturbance that prevents the market from accurately reflecting the forces of supply and demand for a commodity;

(4) Congress declared in section 4a of the Commodity Exchange Act (7 U.S.C. 6a) that excessive speculation imposes an undue and unnecessary burden on interstate commerce;

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

(6) on March 9, 2012—

(A) the supply of crude oil and gasoline was higher than the supply was on March 6, 2009, when the national average price for a gallon of regular unleaded gasoline was just $1.94; and

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

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

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

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

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

(9) on November 3, 2011, Gary Gensler, the Chairman of the Commodity Futures Trading Commission testified before the Senate Permanent Sub-
committee on Investigations that “80 to 87 percent of the [oil futures] market” is dominated by “financial participants, swap dealers, hedge funds, and other financials,” a figure that has more than doubled over the past decade;

(10) excessive oil and gasoline speculation is creating major market disturbances that prevent the market from accurately reflecting the forces of supply and demand; and

(11) the Commodity Futures Trading Commission has a responsibility—

(A) to ensure that the price discovery for oil and gasoline accurately reflects the fundamentals of supply and demand; and

(B) to take immediate action to implement strong and meaningful position limits to regulated exchange markets to eliminate excessive oil speculation.

(b) ACTIONS.—Not later than 14 days after the date of enactment of this Act, the Commodity Futures Trading Commission shall use the authority of the Commission (including emergency powers)—

(1) to curb immediately the role of excessive speculation in any contract market within the jurisdiction and control of the Commission, on or
through which energy futures or swaps are traded;
and

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