

111TH CONGRESS
1ST SESSION

S. _____

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

IN THE SENATE OF THE UNITED STATES

Mr. SANDERS introduced the following bill; which was read twice and referred to the Committee on _____

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. ENERGY MARKET MANIPULATION PREVEN-**
4 **TION.**

5 (a) FINDINGS.—Congress finds that—

6 (1) in 1974, the Commodity Futures Trading
7 Commission (referred to in this Act as the “Com-
8 mission”) was established as an independent agency
9 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 covered commodity in inter-
8 state commerce;

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

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

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

22 (5) in May 2009, crude oil inventories in the
23 United States were at the highest level of crude oil
24 inventories on record;

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

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

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

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

14 (b) DUTIES OF COMMISSION.—The Commission shall
15 use the authority of the Commission, including the emer-
16 gency authority of the Commission—

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

19 (A) that is within the jurisdiction and con-
20 trol of the Commission; and

21 (B) on or through which energy futures or
22 swaps are traded;

23 (2) to eliminate excessive speculation, price dis-
24 tortion, sudden or unreasonable fluctuations or un-
25 warranted changes in prices, or other unlawful activ-

1 ity that causes major market disturbances that pre-
2 vent the market from accurately reflecting the forces
3 of supply and demand for energy commodities;

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

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

12 (A) to register with the Commission as a
13 noncommercial participant; and

14 (B) to be subject to strict speculation lim-
15 its;

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

19 (A) designed to predict the future price of
20 oil;

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

23 (C) engaged in the buying or selling of en-
24 ergy derivatives for the unit, or on behalf of a
25 client of the unit; and

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