House Energy & Commerce Committee

Joe Barton
Ranking Member

Republicans

Bill text

Protecting Consumers from Energy Speculators

- Today, U.S. crude oil futures can be traded on two different futures exchanges, but only one of these exchanges is actually regulated by the United States.

- On the exchange that we regulate, there are limits on how many contracts speculators can hold, and also requirements by traders to publicize their positions. On the other exchange, which is regulated by London, there are no such limitations.

- It would be counter-productive to try and address speculation by hamstringing our U.S. exchanges; because that would simply drive all the business to London.

- We have drafted legislation that does 2 things:

    - 1) it requires the Federal Trade Commission, in conjunction with the Energy Information Agency and the Federal Reserve, to study the effects of speculation in both the foreign and domestic energy futures markets to determine whether there are any anti-competitive effects on our retail markets; and

    - 2) it directs the Commodity Futures Trading Commission to begin writing rules to make sure that the requirements and limitations that the United States imposes on speculators trading on U.S. futures markets are also applied when the speculators trade U.S. energy futures contracts on a foreign-regulated market.

- This bill would *not* unilaterally increase margin requirements on speculators on U.S. markets; this again would disadvantage our markets versus foreign markets and simply drive the business elsewhere.

- This legislation will *not* unilaterally disadvantage our U.S. energy futures markets by subjecting them to more stringent requirements; instead it directs the federal regulator to start making sure that foreign regulated exchanges apply the same limits as us when they are trading U.S. energy futures contracts.