



Commodity Futures Trading Commission

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Testimony

Remarks of Commissioner Jill Sommers

Hearing to Examine Trading on Regulated Exchanges and Exempt Commercial Markets September 18, 2007

Good morning. Thank you all for being here. I join my fellow Commissioners in commending you, Chairman Lukken, for holding this important hearing. I also want to thank Commission staff for all the work they have done in organizing today's event. As one of the new members of the Commission, I am grateful for this opportunity to learn more about the evolution of trading on exempt commercial markets and the interaction between ECMs and designated contract markets, especially with respect to energy trading.

The markets that the Commission oversees play a vital role in the price discovery process for natural gas, crude oil and other energy products. A critical component of the CFTC's mission is to detect and deter manipulation of those prices. Energy trading on DCMs and ECMs has grown exponentially since the Commodity Futures Modernization Act was passed almost seven years ago. I believe it is appropriate for this Commission and for Congress to examine whether the regulatory structure that was put into place then still remains effective in protecting the integrity of the markets and fostering innovation today.

One of the many recent developments in this area is the linkage between certain contracts traded on ECMs and contracts traded on DCMs. Questions have also been raised about the role of speculation in both marketplaces. It is important to determine whether the Commission has the tools it needs to police these markets effectively and to ensure a level regulatory playing field. I also believe it is very important to keep the global competitiveness of the U.S. markets in mind when considering how to address any gaps or imbalances that may have arisen.

These are all complex issues that deserve thoughtful and careful deliberation. I want thank the panelists for agreeing to participate in this discussion today and look forward to hearing your views and learning more about these important markets.