

2008 Farm Bill Commodity Futures Title: Strengthening Oversight of Futures Markets

- **Reauthorizes the Commodity Futures Trading Commission, the agency responsible for federal regulation of commodity futures trading, through 2013**
- **Strengthens Commodity Futures Trading Commission (CFTC) authority over retail foreign currency (forex) transactions**
 - Clarifies CFTC authority on transactions in foreign currency to reduce fraud
 - Retail foreign exchange dealers must register with the CFTC and will be subject to CFTC rules and anti-fraud authority along with Futures Commission Merchants that engage in retail forex transactions
 - Strengthens qualifications and minimum capital requirements for Futures Commission Merchants and retail foreign exchange dealers
- **Extends the CFTC's principles-based oversight to exempt commercial markets (ECM) that trade significant price contracts**
 - Implements the CFTC's recommendations on improving oversight of Exempt Commercial Markets (ECMs)
 - Sets forth criteria for the CFTC to determine whether a contract traded on an ECM qualifies as a significant price discovery contract
 - Requires CFTC to monitor ECM trading of oil, natural gas, and other commodities for contracts that perform a significant price discovery function.
 - Requires position and accountability limits for significant price discovery contracts
 - Requires large traders to report their positions in significant price discovery contracts
 - Applies other core CFTC principles to ECMs with regard to significant price discovery contracts including requirements to:
 - publish trading information on a daily basis
 - enforce conflict of interest principles in its administration
 - monitor trading activity
 - monitor and enforce compliance with ECM rules
 - not list contracts susceptible to manipulation
 - enact emergency authority to address problems that may arise
 - provide self-regulatory oversight
- **Increases Criminal and Civil Penalties for market manipulation**
 - Increases some maximum monetary penalties tenfold for fraudulent practices
 - Increases from a misdemeanor to a felony the criminal penalty for those who fail to comply with cease and desist orders in connection with fraud and manipulation

Commodity Futures Trading Commission Facts:

- The Commodity Futures Trading Commission (CFTC) was created by Congress in 1974 to regulate commodity futures and option markets in the United States

- The most recent CFTC reauthorization took place in 2000, with the enactment of the Commodity Futures Modernization Act

- When the CFTC was created, futures trading was largely confined to agricultural products. Today, futures and options contracts are offered on a wide array of physical commodities and financial instruments

- Futures contracts can be used to hedge – or avoid – price risk. The futures markets are utilized by producers, processors, utilities, businesses, and speculators

- Futures prices are used as reference points for many physical transactions in essential commodities