



Federal Energy Regulatory Commission
FACT SHEET
November 30, 2007
Amaranth Advisors, L.L.C. et al.
Docket No. IN07-26-001

The Federal Energy Regulatory Commission (FERC) today denied a request for rehearing, filed by Amaranth Advisors, L.L.C., Amaranth Advisors (Calgary) ULC, Amaranth Management Limited Partnership, and Amaranth Group regarding FERC's determination that it has jurisdiction under section 4A of the Natural Gas Act (NGA) to sanction manipulative trading of natural gas futures contracts when such manipulative trading had a nexus to and significant effect on the prices of FERC-jurisdictional wholesale sales of natural gas.

This Order does not address the merits of the underlying July 26, 2007, Order to Show Cause and Notice of Proposed Penalties, which contained FERC's preliminary findings that Amaranth's trading involving natural gas markets violated FERC's anti-market manipulation rules.

Responses to the Order to Show Cause are due in 14 days.

Key Provisions in Today's Order

1. FERC found that the language and statutory purpose of section 315 of the Energy Policy Act of 2005 (EPAct), which added a new section 4A to the NGA, gives FERC broad authority to sanction manipulative conduct by *any* entity "in connection with" the purchase, sale or transport of natural gas within its jurisdiction (*paragraphs 15-19, 31-33, and 35-40*). FERC observed that at this stage of the proceedings Amaranth does not dispute that trading in NG Futures Contracts is connected to FERC-jurisdictional markets (*paragraphs 14a-d*).
2. The legislative history of EPAct confirmed Congress' intent to confer upon FERC broad authority to prohibit manipulative or deceptive practices by any entity (*paragraphs 17-19*).
3. Post-EPAct enactment inquiries from Congress also supported this interpretation (*paragraph 45*).
4. FERC rejected Amaranth's argument that the Commodity Futures Trading Commission (CFTC) has exclusive jurisdiction over manipulation of natural gas futures contracts (*paragraphs 47-50*).
5. The Commodities Exchange Act makes clear that other agencies, including FERC, retain their jurisdiction beyond the confines of "accounts, agreements, and transactions" involving natural gas futures markets (*paragraphs 52-56*).
6. The legislative history of EPAct confirmed that Congress expanded FERC's jurisdiction, while CFTC's day-to-day market oversight program was already well-known (*paragraphs 58-59*). In particular, Congress expressly rejected a proposal to state that CFTC's exclusive jurisdiction was not trumped by the NGA (*paragraph 60*).
7. FERC reaffirmed it does not seek to regulate the day-to-day operation of exchanges subject to the CFTC's exclusive jurisdiction, but that where manipulation in one market affects the other, both agencies have an enforcement role (*paragraph 58*).