

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.

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IN THE SENATE OF THE UNITED STATES

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

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**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.