

Congress of the United States

Washington, DC 20515

March 20, 2012

The Hon. Jack Kingston
Chairman
Subcommittee on Agriculture, Rural
Development, Food and Drug
Administration and Related Agencies
House Appropriations Committee
2362-A Rayburn House Office Building
Washington, DC 20515

The Hon. Sam Farr
Ranking Member
Subcommittee on Agriculture, Rural
Development, Food and Drug
Administration and Related Agencies
House Appropriations Committee
1016 Longworth House Office Building
Washington, DC 20515

Dear Chairman Kingston and Ranking Member Farr,

We are writing to request full funding for the Commodity Futures Trading Commission (CFTC) in the Agriculture Appropriations bill for fiscal year 2013 in order to ensure that this critical agency has the funding it needs to finalize key rulemakings and prevent abusive speculation in oil markets. Congress granted the CFTC new authority to oversee speculation and profiteering in oil futures trading through enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). Fully funding this agency at the requested level of \$308 million for FY2013 is essential to ensuring that the CFTC can implement the authorities provided under Dodd-Frank and ensure that American consumers and the economy are protected from speculators who might seek to drive up oil prices.

Since Iran threatened to block oil shipments through the Strait of Hormuz at the end of December, international oil prices have risen by \$17 per barrel and U.S. gas prices have risen by 50 cents per gallon. The markets are responding to fear that conflict in Iran could lead to a loss of global oil supplies. Markets are also responding to disruptions of supply from Sudan, Syria, and Yemen, although those disruptions have been partially offset by increased production in countries such as Libya. According to EIA, "U.S. crude oil inventories are in the upper limit of the average range for this time of year." We must ensure that speculators are not taking advantage of the heightened volatility in the markets to reap unjustified profits.

The Obama Administration has requested a funding level of \$308 million in FY2013 for the CFTC, a more than \$102 million increase over the FY2012 enacted level of \$205 million. This funding level will allow for this agency to continue implementation of the Dodd-Frank Act with respect to curbing excessive speculation while allowing bona fide hedgers to continue operating in a legitimate way. The CFTC must be provided the resources it needs to fully implement regulations under the Dodd-Frank Act in order to combat speculation in oil markets.

CFTC Commissioner Bart Chilton recently made this point: "You can't turn on the television or the radio without hearing about record high gas prices, and yet the CFTC has not yet been able to implement congressionally mandated position limits to put the brakes on excessive speculation in oil and other commodity markets." With families struggling to fill their

tanks, it is vital that the CFTC have the full slate of tools and resources necessary to protect against market distortions that could raise gasoline prices even further.

Wall Street speculators understand the importance of these rulemakings in protecting consumers and for that reason are working through the courts to try to stop them from being implemented. Two Wall Street trade groups, the International Swaps and Derivatives Association and the Securities Industry and Financial Markets Association, have gone to federal court seeking an injunction against the CFTC rule that would set limits on how much traders can buy. The rule is designed to prevent hedge funds and other speculators from owning huge pieces of the energy futures market and thus driving price swings. These same groups filed suit to overturn the rule in December.

We must ensure that the CFTC has the resources it needs to effectively implement these regulations that are critical to protecting American consumers from higher prices. We are therefore writing to request that the Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations bill for FY2013 fully fund the CFTC at the requested level of \$308 million.

Thank you for your consideration of this request.

Sincerely,

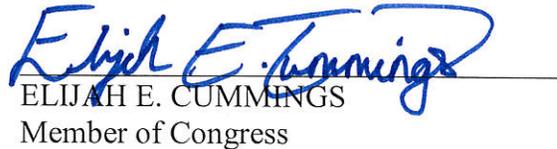

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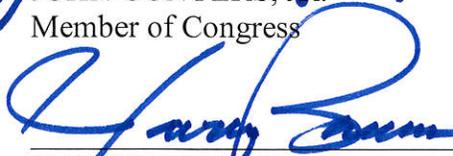

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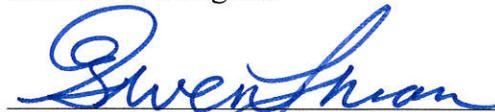

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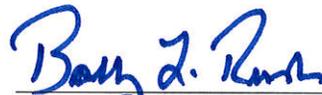

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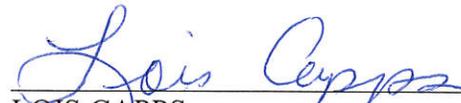

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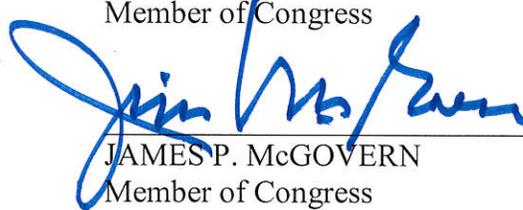
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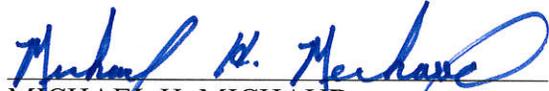
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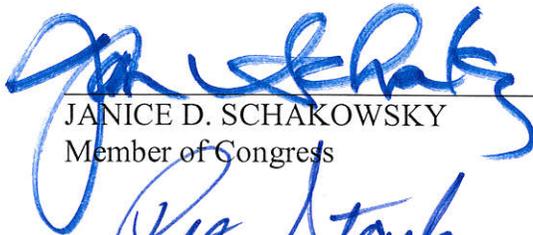
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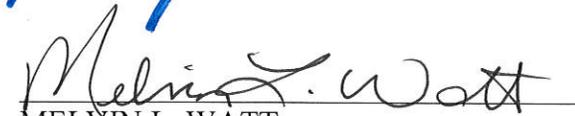
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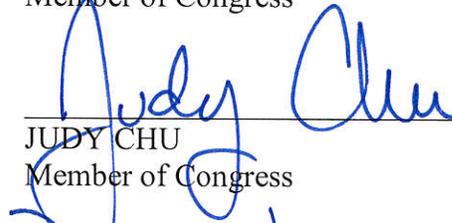
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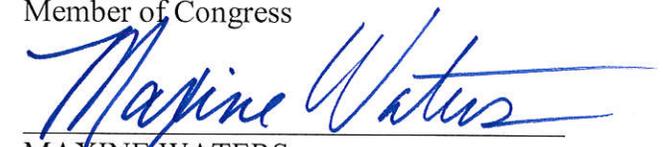
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