

COMMODITY MARKETS OVERSIGHT COALITION

An Alliance of Derivatives End-Users & Reform Advocates

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COALITION PRAISES CFTC FOR DECISION TO MOVE FORWARD WITH SPECULATION LIMITS RULE

National coalition of commodity-dependent businesses & end-users pleased CFTC has set date for a vote on final rule; releases list of studies on affect of speculation.

WASHINGTON, D.C., August 25, 2011 – A national coalition of groups representing commodity-dependent businesses and consumers has praised the Commodity Futures Trading Commission for its recent decision to move forward with a proposed rule on speculative position limits.

Evidence of the need for immediate and meaningful limits on financial speculation in commodities from energy to food continues to mount. The Commodity Markets Oversight Coalition also released a revised list of more than 75 studies, reports and analyses showing the effects of excessive speculation.

This week, the CFTC will host a two-day conference to evaluate market data and policy concerns. Officials at the CFTC have also indicated that a final rule on position limits is likely sometime in September, with a vote to be held as early as September 22nd.

“This development should please consumers and businesses across the country,” said Michael C. Trunzo, President and CEO of the New England Fuel Institute, a Boston area-based home-energy trade group and a leading member of the coalition.

“Position limits should renew certainty, stability and confidence in the commodity markets, provided the CFTC gets the rule right and implements it in a timely and comprehensive manner,” Trunzo added. “We will continue to follow developments closely and with great interest.”

Limits on the size of positions that speculators can hold in commodities from oil to wheat were required under last year’s new reform law, the Dodd-Frank Wall Street Reform and Consumer Protection Act. Under the law, the Commission was to have completed work on these rules back in January and April for energy and agricultural commodities, respectively, but the Commission’s progress on these rules has been delayed.

Speculative position limits along with across the board transparency and prohibitions on fraud, manipulation, and disruptive trading practices are tools to prevent excessive speculation and anti-competitive business practices.

Members of the coalition have for years warned that the futures, options and swaps markets for commodities have become opaque, virtually unregulated and subject to excessive speculation. They argue that the resulting volatility, disconnect from supply and demand fundamentals and “financialization” of these markets has added uncertainty and impeded their hedging activities.

The list of studies is available online at:

<http://www.nefiactioncenter.com/PDF/evidenceonimpactofcommodityspeculation.pdf>

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The Commodity Markets Oversight Coalition (CMOC) is an independent, non-partisan and non-profit alliance of groups that represent commodity-dependent industries, businesses and end-users, including American consumers, that rely on commodity derivatives markets as a hedging and price discovery tool. The CMOC advocates in favor of government policies that promote stability and confidence in the commodities markets, that seek to prevent fraud, manipulation and excessive speculation, and that preserve the interests of bona fide hedgers and consumers. Visit www.commoditymarketoversight.org for more information.