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February 2, 2016

Dear Member of the Senate Committee on Agriculture, Nutrition and Forestry:

The Commodity Markets Council (“CMC”) writes to urge all Members of the Senate Committee on Agriculture, Nutrition and Forestry (“Committee”) to support amendment 3077 during the consideration of S. 2012, “The Energy Policy Modernization Act of 2015” (the “Energy Bill”). Amendment 3077, offered by Committee Chairman Roberts and Co-Sponsored by Senator Boozman, would effectively strike sections 4501, 4502, and 4503 of the Energy Bill.

CMC is a trade association that brings together exchanges and their industry counterparts. Its members include commercial end-users that utilize the futures and swaps markets for agriculture, energy, metal, and soft commodities. Its industry member firms also include regular users and members of designated contract markets, such as the Chicago Board of Trade, Chicago Mercantile Exchange, ICE Futures US, Minneapolis Grain Exchange, and the New York Mercantile Exchange. Along with these market participants, CMC members also include regulated derivatives exchanges that trade, among other things, agriculture and energy contracts. As a result, CMC is well-positioned to provide a consensus view of commercial end-users on the impact of the Energy Bill on derivatives markets.

The sections contemplated by this amendment require the Commodity Futures Trading Commission (“CFTC”) to collect and share data with the Energy Information Administration (“EIA”), establishes a Financial Market Analysis Office (“FMA”), and creates a Working Group on Energy Markets (“WGEM”). The WGEM is to be chaired by the Secretary of Energy, and would be responsible for conducting studies and making recommendations regarding the impacts of financial investments in energy markets to the President and the Congress.

Our members believe that the CFTC is the market expert with exclusive jurisdiction to oversee the financial aspects of energy markets and should not be forced to share proprietary market data with governmental bodies that do not have oversight responsibility. In addition, the creation of FMA and WGEM would not only lead to duplicative federal regulatory efforts at the expense of taxpayers, but it would also create jurisdictional uncertainty, given the multiple government organizations that would be involved in this effort. Further, the CFTC should be the only regulatory body to issue recommendations to the President or Congress for the markets over which it has jurisdiction. When the CFTC was created, Congress determined that the House and Senate Agriculture Committees would be responsible for its oversight, yet the offending provisions of this bill attempt to move traditional oversight authority away from the Agriculture Committee.

Therefore, CMC strongly encourages all Committee Members to support amendment 3077. Our members believe that the CFTC should remain as the sole agency to oversee the financial market aspects of energy markets, and it is this Committee’s role alone to conduct appropriate oversight of the CFTC and the markets it regulates.

Sincerely,

A handwritten signature in black ink, appearing to read "Gregg Doud". The signature is written in a cursive style with a large, sweeping flourish at the end.

Gregg Doud
President
Commodity Markets Council