

COMMODITY MARKETS OVERSIGHT COALITION

An Alliance of Commodity Derivatives End-Users and Consumers

FOR IMMEDIATE RELEASE

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BUSINESS, CONSUMER GROUPS VOICE SUPPORT FOR POSITION LIMITS

Coalition defends CFTC efforts and states strong support for new limits on speculation

WASHINGTON, DC (October 18, 2012) – A non-partisan alliance of trade associations and consumer advocacy groups announced their continued support for new limits on speculative trading in vital U.S. commodities.

The statement was made in a letter to House Financial Services Committee leadership earlier today and comes just three weeks after a District Court vacated the new position limits rule and remanded it back to the Commodity Futures Trading Commission (CFTC) for further consideration. They called the reasoning behind the decision “flawed.”

The coalition argues that speculative position limits are necessary to combat “extreme price volatility, disruptive trading and potential fraud and manipulation” that “threaten[s] the welfare of the U.S. economy, harm[s] American consumers and jeopardize[s] the ability of hedgers to guard against price risks.”

Hedgers are growing less confident that commodity markets are functional and that prices accurately reflect supply and demand fundamentals, they said, citing more than 100 studies and reports that have found convincing evidence of this trend.

“For these reasons, our coalition strongly supports the imposition of meaningful speculative position limits across all commodity futures, options and swaps markets as a means to promote market integrity and confidence, to prevent manipulation and as a means to restrain excessive speculation,” they said.

The coalition was responding to an October 10th letter to the CFTC that was critical of efforts to promulgate and defend these new limits. That letter was signed by Committee Chairman Spencer Bachus of Alabama, Vice Chairman Job Hensarling of Texas and Subcommittee Chairmen Randy Neugebauer of Texas and Scott Garrett of New Jersey.

“While we commend the committee for exercising diligence in overseeing the work of the Commission and ensuring proper use of taxpayer dollars, we believe that the time and resources invested by the CFTC in the position limits rule has been a responsible use of funds.” The letter cited a long history of bipartisan support for speculative position limits in Congress.

The complete coalition letter is available [online here](#).

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The Commodity Markets Oversight Coalition is a non-partisan alliance of organizations that represent commodity-dependent American industries, businesses, end-users and consumers. Our members rely on functional, transparent and competitive commodity derivatives markets as a hedging and price discovery tool. As a coalition we advocate in favor of government policies that promote stability and confidence in the commodities markets; seek to prevent fraud, manipulation and excessive speculation; and preserve the interests of bona fide hedgers and American consumers. For the list of more than 100 studies, reports and analyses of the impact of speculation in the commodities markets (referred to above) visit <http://bit.ly/ListStdys>.