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United States Senate

WASHINGTON, DC 20510

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The Honorable Gary Gensler
Chairman
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW, Room 9060,
Washington, DC 20581-0001

Dear Chairman Gensler and Commissioners Sommers, Chilton and O'Malia:

Congress included in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, which was signed into law on July 21, 2010, various measures designed to increase transparency, accountability and oversight in the commodity derivatives markets, and to prevent fraud, manipulation and excessive speculation in these markets.

Among these measures, Section 737 of the Dodd-Frank Act requires that the Commodity Futures Trading Commission (CFTC) establish with 180 days of enactment (by January 17, 2011) hard speculative position limits for commodities defined as "exempt" under the Commodity Exchange Act, including energy commodities such as crude oil, gasoline, and home heating oil. Make no mistake – it was the intent of this Congress that the CFTC establish speculative position limits by the deadline set forth under the Dodd-Frank Act.

While Commissioners have begun work to implement this requirement of the law, I am concerned that such efforts will fall short of the deadline. I urge the Commission to take necessary steps to address current energy market activity and to identify large speculative positions that might exist in the current markets and take appropriate actions in the absence of a final rule.

American businesses and consumers are once again faced with an alarming surge in the price of energy, including gasoline, diesel fuel and home heating oil. This translates to higher costs to put fuel in their car and travel to work or school, to heat their homes and to run their small businesses. Americans are facing the highest energy costs since before the start of the economic crisis in 2008, and during a period of slow economic recovery and high unemployment. Additionally, many economists have warned that if energy prices continue to rise, the economic recovery could either slow further, or worse, we could plummet into a double-dip recession.

The Commodity Exchange Act, as amended by the Dodd-Frank Act, provides the CFTC with various tools to ensure that the markets are transparent, stable and reflective of economic fundamentals of supply and demand. Again, the Act requires that the CFTC establish and impose position limits to prevent burdens of excessive speculation, not to wait and study market data only to respond to excessive speculation well after it has harmed commodity-dependent consumers, businesses and the economy.

Therefore, I urge that you:

1. **Move quickly to establish speculative position limits for energy commodities** as required by the Dodd-Frank Act. The Commission has already drafted a proposed rule and it should be introduced for public comment and finalized as quickly as possible, and be responsive to the needs of bona fide hedgers, commodity dependent businesses and consumers in the process.

2. **In the absence of a final rule, take immediate action to address extremely large positions by imposing a "position points" regime** as was recently recommended by Commissioner Bart Chilton. Under the proposal, the Commission could exercise its current "special call authority" to review market data for speculative positions well in excess of proposed limits and act as appropriate to reduce the size of said positions.

By acting decisively, the Commission will communicate to the public and to market participants that it is serious about its responsibility to prevent excessive speculation and abuse, and do its part to help address out of control energy prices and provide some measure of confidence in today's energy markets.

Sincerely,

Jeanne Shaheen

Jeanne Shaheen
United States Senator