



## **Commodity Futures Trading Commission**

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# **Remarks**

## **Opening Remarks of Committee Chairman Walter Lukken Before the Energy Markets Advisory Committee**

**June 10, 2008**

On behalf of my colleagues, I want to welcome everyone to the first meeting of the Commission's newly established Energy Markets Advisory Committee or EMAC.

Given the unprecedented market conditions of the day, this meeting is occurring at a critical and opportune time. Recent substantial increases in the price of crude oil and other commodities have put considerable strain on American families, farmers, and businesses. These issues are a matter of intense focus at the Commission, due to the key role that futures markets play in the price discovery process. The CFTC is committed to ensuring that our nation's futures markets operate fairly and efficiently, and that commodity prices are determined by the fundamental forces of supply and demand, rather than by abusive or manipulative practices.

We share public concerns about the need for the utmost transparency and integrity in the energy futures markets, and we are devoting all available agency resources to fulfilling our mandate to protect and ensure the integrity of the commodity futures and options markets. Our dedicated staff works tirelessly each day to pursue this important mission, and we have a history of taking strong enforcement actions to punish market manipulation and fraud.

Such times require regulators to remain diligent in their efforts to protect the markets from abuse and to enhance market oversight – in order to serve the greater public interest. Just last week the CFTC announced its national crude oil investigation and several other important energy initiatives, including a new agreement with the U.K. Financial Services Authority to expand the data received from institutions trading crude oil products across borders. The CFTC also announced that it will use its authorities to demand more detailed data from energy market participants on the amount of index money coming into the markets and to examine whether these funds are properly classified for regulatory and reporting purposes. These initiatives are critical and we are working hard to implement all of them expeditiously.

Today, the CFTC also announced the formation of a CFTC-led interagency task force to evaluate developments in commodity markets. The task force – which includes staff representatives from the CFTC, Federal Reserve, Department of the Treasury, Securities and Exchange Commission, Department of Energy, and Department of Agriculture – will examine investor practices, fundamental supply and demand factors, and study the role of speculators and index traders in the commodity markets. It is intended to bring together the best and brightest minds in government to aid public and regulatory understanding of the forces that are affecting the functioning of these markets and it will strive to complete its work quickly and make public its results.

Today's Energy Markets Advisory Committee meeting grew out of a hearing the Commission held last fall to examine the oversight of trading on exempt commercial markets. Many of you participated in that hearing. As a result of that public forum, the Commission proposed legislative changes to Congress to bring greater transparency and oversight to these markets. These recommendations, which were largely adopted last month as part of the Farm Bill, will provide the CFTC with important new authorities to regulate the energy markets, and we appreciate the work of all those who helped to make these provisions the law of the land. Last fall's CFTC report also recommended the Commission form an energy markets advisory committee to facilitate public discussion surrounding the regulation and policies of the energy markets. I am confident that this standing forum will better enable the Commission to listen and learn from the insights of those directly participating in and impacted by the energy markets.

As the Commission moves forward with the implementation of its energy markets initiatives, this Committee will be critical to ensuring that the Commission is fully informed of industry developments and innovations so that the Commission can rapidly respond to changing market conditions and ensure that these markets are functioning properly and not subject to foul play. The Commission has selected each of you to become members of this new committee because of your knowledge of the energy markets and the insight that you can provide to the Commission. We hope that involving a cross section of the industry and public will allow participants to learn from each other and assist the Commission in its oversight and understanding of the energy markets.

I would like to personally thank each of you for making time for this committee's important work. I want to especially thank **Guy Caruso** of the Energy Information Administration of the Department of Energy, **Kevin Kelly** of the Federal Energy Regulatory Commission, **Patricia Galvan** of the Federal Trade Commission and **Bill Hederman** of the Congressional Research Service for attending today as government observers.

I look forward to an informative and energetic meeting.