



**Commodity Futures Trading Commission**  
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## Statement

### **Statement of CFTC Commissioner Bart Chilton on Speculative Limit Hearings and Increased Transparency**

**July 7, 2009**

These hearings are an excellent starting point to address a significant issue, that is, how to ensure that speculative activity in the marketplace does not distort prices. First, we need to look at the issue of spec limits generally; we've got federally-set spec limits in ags, but not in other physically delivered commodities, like oils and metals, and we need to see if it's appropriate for the CFTC to set limits in those commodities as well. Oil, for example, is certainly as important a commodity as wheat, and, as we saw last summer when the price of oil skyrocketed out of control, federally-set spec limits may have been able to provide some needed "speed bumps." Second, we need to look at whether exemptions that have been granted with regard to these limits are appropriate. This involves a review of our fundamental concept of "bona fide hedging"; specifically, should that include entities that are primarily involved in financial hedging, and not in the actual commercial dealings in underlying commodities? We need to drill down on this issue, and figure out how best to craft this definition to protect consumers and markets. We need to have an in-depth and comprehensive analysis of this, to ensure that appropriate speculative activity is permitted, but that activity causing uneconomic price moves is prohibited.

On enhanced transparency issues, that is improved COT reports and the swaps report, I want to commend our chairman for moving ahead in this venue as well. I'm glad to see he has announced a needed revamping of our Commitment of Traders reports, which is long overdue. This is intended to 1) separate swaps dealers out of the current commercial category, 2) separate hedge funds and other managed accounts out of the current non-commercial category, 3) include data from foreign contracts that are "linked" to domestically traded contracts, and 4) include data from significant price discovery contracts. I look forward to getting comment from the public as to what they think of this new report, and whether additional improvements can be made. Lastly, until we have authority granted by Congress increasing our ability to look into "dark markets," I think we need to continue to improve our information gathering related to our swaps "special call"; this information is only as useful and reliable as the data we receive, and I believe we must also continue to improve our scrutiny of this information to ensure its utility to us and to the marketplace.