



Commodity Futures Trading Commission

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Statement

Opening Statement of Commissioner Michael V. Dunn, Hearing of the Commodity Futures Trading Commission

July 28, 2009

Thank you Mr. Chairman. I commend you for calling these hearings and providing the setting for an open and meaningful dialog on excessive speculation and the impact that it may have on the futures market. Since the Commission issued the concept release on whether to eliminate the bona fide hedge exemption during my tenure as Acting Chairman, I have been keenly aware of the need to study this issue and look forward to listening to the witnesses testify over the course of the three scheduled hearings.

The term “excessive speculation” is as old as the futures markets. Despite its age, a hard and fast definition of excessive speculation has eluded both Congress and the Commission. Instead of defining excessive speculation and preemptively addressing any impact it may have on futures markets, Congress and the Commission have chosen to react to market events that may, or may not be, caused by excessive speculation. This is akin to treating a symptom of an illness without diagnosing the disease and finding a cure.

A historical review of the acceptable role of speculators in the futures market, could lead to the justified conclusion that legislators and regulators have been schizophrenic in their approach to this subject. In reality, Congress and the Commission are membership bodies in a constant state of flux whose prevailing beliefs can only reflect the composition of the current body. Additionally, the futures industry is composed of a dynamic group of entrepreneurs whose businesses and market strategies are continually changing to reflect and anticipate market events.

The hearings we begin today will allow us to ask important questions needed to diagnose the situation we face. Are the futures markets working effectively and with the integrity that the public has a right to expect? Are our current rules and regulations out of sync with the underlying purposes mandated by Congress for the futures markets? If so, what role has excessive speculation played in preventing the futures markets from operating correctly? What tools does the Commission have at its disposal and how is it utilizing them to address this alleged problem? Are new tools needed, and if they are, what are they, and how will any changes impact the futures industry?

Thankfully the Chairman has gathered a diverse group to testify on this subject, and I look forward to a lively, robust and educational discussion. I appreciate the efforts that Commission staff has put into this hearing, and also the efforts of all those testifying. Your commitment of time and effort will be instrumental in helping this Commission decide what steps may be necessary. My commitment to you is to listen with an open mind to your thoughts on this subject and to work with my fellow Commissioners to ensure that we have a functioning futures industry.

Thank you in advance for your participation.