

COMMODITY MARKETS OVERSIGHT COALITION

December 3, 2008

The Honorable Barack Obama
President-elect of the United States
451 6th Street, NW
Washington, DC 20001

Dear President-elect Obama:

As the undersigned members of the Commodity Markets Oversight Coalition, we wish to congratulate you on your election as the 44th President of the United States of America. It is our hope that your administration will bring positive change to troubled areas of national policy, especially with respect to the governance of commodity futures markets, which are in dire need of improved oversight and regulation.

Our collective groups urge you to make increased oversight of futures markets a top priority for action within the first 100 days of your administration. Excessive speculation and potentially abusive trading practices have resulted in the recent and dramatic run-up in commodity prices. This price inflation most adversely affects struggling American families, especially the elderly, poor and low-income Americans already struggling to make ends meet in the current economic climate. It also impacts the competitiveness of energy-intensive manufacturing industries and jobs, trades, small businesses and transportation services.

Fully transparent and well-regulated commodities markets are essential to ensuring fair prices for energy, agricultural products and other commodities based on economic fundamentals. The “speculative bubble” that had been building in these markets in recent years has played a major role in the unfolding economic crisis. The bubble and its subsequent price collapse have contributed to the economic downturn that is placing an extreme burden on retailers and consumers. It is essential that such artificial inflation of the markets should never be allowed to occur again. Unfortunately, many commodity-trading exemptions, loopholes and inadequate regulations that threaten stability are still in place. Decisive action by our Federal Government is needed.

We urge you to prioritize your campaign commitment to work immediately with the new Congress this January to pass meaningful legislation that will end the “Enron Loophole,” “Swap Trading Loophole,” the “Foreign Markets Loophole” and other trading loopholes and exemptions. New legislation can bring full transparency and accountability to all market trading environments, including unregulated over-the-counter and off-shore markets. Additionally, we feel that strong measures to protect against fraud, manipulation and excessive speculation will help ensure that these markets become and remain stable and reliable. Further, we support tough new position limits on all speculators, including index funds and financial institutions that do not act as agents for bona fide commercial hedgers. These “non-physical” traders should also be ineligible for hedging exemptions.

In addition to new legislation and oversight, we urge you to:

- **Work with international regulators** to ensure that foreign markets offering U.S.-destined commodities or that allow U.S. access to their platforms meet these new regulatory standards;
- Include in your fiscal year 2010 budget **adequate funding for the Commodity Futures Trading Commission** (at least \$160 million) for the personnel, technology and resources necessary to thoroughly monitor the markets and enforce regulation;
- Appoint a new Chairman for the Commodities Futures Trading Commission and fill vacancies for Commissioner with individuals that are dedicated to reform and who will **put the interests of consumers before those of Wall Street speculators**; and
- Direct the Commission to diversify membership within its Energy Markets Advisory Committee, which was created per the recommendation of this coalition, **by including more organizations to represent interests other than those of the financial services industry**. We also recommend diversification of the other advisory committees.

We all support open, stable and vibrant free markets, but because speculators have assumed a dominant position in the commodities markets we are now far outside the realm of supply and demand realities. Working with Congress, you can bring order, stability and transparency back to these markets that have been overwhelmed by “paper trades” by investment speculators that hold a total disregard for the consequences of this type of trading on struggling businesses and consumers.

We look forward to the opportunity to meet with you and the relevant members of your transition team and administration in order to discuss this issue with you further.

Thank you for your consideration and we wish you well on your transition.

Sincerely,

Agricultural Retailers Association
Air Transport Association
Arkansas Oil Marketers Association
Colorado Wyoming Petroleum Marketers Association
Community Power Network of New York State
Consumer Federation of America
Consumer Watchdog
Empire State Petroleum Association
Florida Petroleum Marketers & Convenience Store Association
Fuel Merchants Association of New Jersey
Gasoline & Automotive Service Dealers of America
Illinois Association of Convenience Stores
Illinois Petroleum Marketers Association
Iowa Association of Municipal Utilities
Independent Connecticut Petroleum Association
Independent Oil Marketers Association of New England

Industrial Energy Consumers of America
Institute for Agriculture & Trade Policy
Massachusetts Oilheat Council
Maryknoll Office for Global Concerns
Maine Oil Dealers Association
Mid-Atlantic Petroleum Distributors Association
National Association of Oilheating Service Managers
National Association of Truck Stop Operators
National Association of Shell Marketers
National Farmers Union
Nebraska Petroleum Marketers & Convenience Store Association
New England Fuel Institute
New Jersey Citizen Action Oil Group
New Mexico Petroleum Marketers Association
New York Oil Heating Association
North Dakota Petroleum Marketers Association
North Dakota Retail Association
Ohio Petroleum Marketers and Convenience Store Association
Oil Heat Council of New Hampshire
Oil Heat Institute of Rhode Island
Oil Heat Institute of Long Island
The Organization for Competitive Markets
Pacific Northwest Oil Heat Council
Peter Beutel of Cameron Hanover
Petroleum & Convenience Marketers of Alabama
Petroleum Marketers Association of America
Petroleum Marketers & Convenience Stores of Iowa
Petroleum Marketers & Convenience Stores of Kansas
Petroleum Transportation & Storage Association
Public Citizen
Renewable Fuels Association
Society of Independent Gasoline Marketers of America
South Dakota Petroleum and Propane Marketers Association
Utah Petroleum Marketers and Retailers Association
Vermont Fuel Dealers Association
Washington Oil Marketers Association
West Virginia Oil Marketers and Grocers Association

cc: The Hon. Joseph Biden, Vice President-elect of the United States of America
Members and Members-elect of the United States Senate
Members and Members-elect of the United States House of Representatives
The Hon. Timothy Geithner, Treasury Secretary-designate
The Hon. Rahm Emanuel, White House Chief of Staff-designate
The Hon. Lawrence Summers, Director-designate, National Economic Council
The Hon. Christina Romer, Director-designate, White House Council of Economic Advisors
The Hon. Melody Barnes, Director-designate, Domestic Policy Council
The Hon. Ben Bernanke, Chairman of the Board of Governors of the Federal Reserve
The Hon. Walt Lukken, Acting Chairman, Commodity Futures Trading Commission

The Hon. Michael Dunn, Commissioner, Commodity Futures Trading Commission
The Hon. Jill Sommers, Commissioner, Commodity Futures Trading Commission
The Hon. Bart Chilton, Commissioner, Commodity Futures Trading Commission
The Hon. Christopher Cox, Chairman, Securities and Exchange Commission
The Hon. Joseph T. Kelliher, Chairman, Federal Energy Regulatory Commission
The Hon. William Kovacic, Chairman of the Federal Trade Commission
James Johnson, Commodity Futures Trading Commission Leads for the President-elect
Anjan Mukherjee, Commodity Futures Trading Commission Leads for the President-elect
David Hayes, Agency Review Working Group for the President-elect
Elgie Holstein, Department of Energy Review Team Leads for the President-elect
Sue Tierney, Department of Energy Review Team Leads for the President-elect
Rose McKinney-James, FERC Review Team Leads for the President-elect