

ROBERT P. CASEY, JR.
PENNSYLVANIA

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JOINT ECONOMIC

United States Senate

WASHINGTON, DC 20510

February 28, 2012

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

Dear Mr. Gensler:

I write regarding the promulgation of regulations aimed at curtailing oil speculation in the United States. For years, consumers have confronted higher prices at the pump because of speculative bets placed by Wall Street in the futures markets. I urge the Community Futures Trading Commission (CFTC) to move quickly to finish its pending rules to limit these market-distorting practices.

The Dodd-Frank Act included a provision specifically geared to crack down on this type of speculation. I understand that the CFTC has finalized a rule creating position limits for certain physical commodities, including oil. However, I understand that implementation of this rule is being held up for a number of reasons, including determining the definition of the term "swap." As I said in my letter to you in August 2011, the complex nature of derivatives regulations under the Dodd-Frank Act makes it essential that regulations be promulgated in a logical sequence. The definitions of basic terms such as "swap" are crucial to a whole range of derivative-related regulations that have been published by the CFTC, including position limits on oil and other commodities. I encourage you to do everything in your power to finalize these definitions so that these rules can take effect.

Finalizing this definition is critical to American consumers. The U.S. has seen a significant spike in oil prices recently. Data published by the U.S. Energy Information Administration makes it clear that this increase cannot be explained by supply and demand in the oil market. Over the last year, U.S. consumption of liquid fuels fell by almost two percent, with consumption of gasoline falling by almost three percent. Over the same time period, U.S. production of oil continued to grow. Despite rising supply and falling demand, oil prices in the U.S. have risen dramatically, with speculation likely playing a significant factor.

Implementing the CFTC's position limits rule is an important first step in curbing the role that oil speculation has played in driving up prices. Increased oil prices pose a serious threat to the ongoing recovery of our economy. Increased prices also create an immediate hardship for

families across Pennsylvania and the Nation as a whole. I urge you to implement position limits as soon as possible.

Thank you for your attention to this request.

Sincerely,

A handwritten signature in blue ink that reads "Bob Casey, Jr." in a cursive style.

Robert P. Casey, Jr.
United States Senator