

110TH CONGRESS  
2D SESSION

**S.** \_\_\_\_\_

To amend the Commodity Exchange Act to require the Commodity Futures Trading Commission to establish aggregate speculative position limits for persons not engaged in bona fide hedging activities.

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IN THE SENATE OF THE UNITED STATES

\_\_\_\_\_ introduced the following bill; which was read twice  
and referred to the Committee on \_\_\_\_\_

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**A BILL**

To amend the Commodity Exchange Act to require the Commodity Futures Trading Commission to establish aggregate speculative position limits for persons not engaged in bona fide hedging activities.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. EXCESSIVE SPECULATION.**

4       Section 4a of the Commodity Exchange Act (7 U.S.C.  
5       6a) is amended—

6               (1) by striking “SEC. 4a. (a) Excessive” and in-  
7       serting the following:

1 **“SEC. 4a. EXCESSIVE SPECULATION.**

2 “(a) IN GENERAL.—

3 “(1) BURDEN ON INTERSTATE COMMERCE.—

4 Excessive”; and

5 (2) in subsection (a)—

6 (A) in the first sentence, by inserting “or  
7 causing price inflation beyond levels justified by  
8 the market fundamentals underlying the supply  
9 and demand for physical commodities,” after  
10 “of such commodity,”;

11 (B) in the second sentence—

12 (i) by striking “For the purpose of di-  
13 minishing” and inserting the following:

14 “(2) TRADING OR POSITION LIMITS.—

15 “(A) INDIVIDUAL SPECULATIVE POSITION  
16 LIMITS.—

17 “(i) IN GENERAL.—For the purpose  
18 of diminishing”;

19 (ii) by striking “from time to time”  
20 and inserting “on a regular basis but not  
21 less than once a year”;

22 (C) in the third sentence, by striking “In  
23 determining” and inserting the following:

24 “(ii) POSITIONS.—In determining”;

25 (D) by inserting after the third sentence  
26 the following:

1           “(3) AGGREGATE SPECULATIVE POSITION LIM-  
2           ITS.—For the purpose of reducing excessive specula-  
3           tion that contributes to the inflation of food and en-  
4           ergy prices beyond levels justified by the market fun-  
5           damentals underlying the supply and demand for  
6           physical commodities, the Commission shall, on a  
7           regular basis but not less than once a year, after due  
8           notice and opportunity for hearing, by rule, regula-  
9           tion, or order, proclaim and fix limits on the com-  
10          bined net long position, as a percentage of open in-  
11          terest, that may be held by each person that is not  
12          engaged in bona fide hedging activities at the min-  
13          imum level practicable to ensure sufficient market li-  
14          quidity for the conduct of bona fide hedging activi-  
15          ties.”;

16                   (E) by striking “Nothing in this section  
17                   shall be construed to prohibit” and inserting  
18                   the following:

19           “(4) DIFFERENT TRADING LIMITS.—Nothing in  
20          this section prohibits”; and

21                   (F) by striking the last 2 sentences and in-  
22                   serting the following:

23           “(5) DEFINITIONS.—In this subsection:

1                   “(A) ARBITRAGE.—The term ‘arbitrage’,  
2                   in the case of a domestic market, has the mean-  
3                   ing given the term ‘spread’ or ‘straddle’.

4                   “(B) INTERNATIONAL ARBITRAGE.—The  
5                   term ‘international arbitrage’ has the meaning  
6                   given the term by the Commission.”.