

Amendment to Chairman's Mark
Offered by Mr. Goodlatte, Mr. Graves, Mr. Barrow,
Mr. King of IA, Mr. Rogers of AL, and Mr. Marshall

After section 1, insert the following:

1 **TITLE I—GENERAL PROVISIONS**

Redesignate sections 2 through 7 as sections 101
through 106, respectively.

At the end of the bill, add the following:

2 **TITLE II—NATURAL GAS PRICE**
3 **TRANSPARENCY**

4 **SEC. 201. MARKET SURVEILLANCE.**

5 (a) IN GENERAL.—The Commodity Futures Trading
6 Commission (in this section referred to as the “Commis-
7 sion”) shall detect and deter manipulation and attempted
8 manipulation and increase the transparency of the pricing
9 of natural gas by conducting surveillance of trading in
10 contracts for natural gas.

11 (b) CERTAIN EVENTS REQUIRED TO BE RE-
12 VIEWED.—

13 (1) REQUIREMENT.—In the event of a signifi-
14 cant and highly unusual change in the settlement
15 price of any physically delivered natural gas futures
16 contract traded on a contract market (within the

1 meaning of section 5 of the Commodity Exchange
2 Act) or derivatives transaction execution facility
3 (within the meaning of section 5a of such Act), the
4 Commission shall conduct a review of the factors
5 that caused the price movement in order to deter-
6 mine if manipulation or attempted manipulation in
7 violation of such Act has occurred.

8 (2) CERTAIN FACTORS REQUIRED TO BE CON-
9 sidered.—The Commission shall consider in its re-
10 view, among other things and as appropriate to the
11 circumstances, the following:

12 (A) Prices and price relationships in the
13 futures and cash markets.

14 (B) Market information, and cash market
15 supply and demand factors which may be rel-
16 evant to the price event.

17 (C) Large futures and options market po-
18 sitions and large futures and options market
19 transactions on the contract market or deriva-
20 tives transaction execution facility.

21 (D) Any related contract, agreement or
22 transaction in natural gas.

1 **SEC. 202. REPORTING OF LARGE POSITIONS INVOLVING**
2 **NATURAL GAS.**

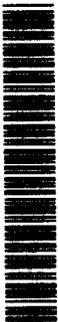
3 (a) **IN GENERAL.**—Section 4a of the Commodity Ex-
4 change Act (7 U.S.C. 6a) is amended—

5 (1) in subsection (e), by striking the last sen-
6 tence; and

7 (2) by adding at the end the following:

8 “(f) **REPORTING OF LARGE POSITIONS INVOLVING**
9 **NATURAL GAS.**—

10 “(1) **IN GENERAL.**—The Commission, by rule,
11 shall require any person holding, maintaining, or
12 controlling any position in a contract of sale of nat-
13 ural gas for future delivery, or option thereon, on or
14 subject to the rules of any contract market or de-
15 rivatives transaction execution facility, at or in ex-
16 cess of such limits as the Commission may specify
17 as reportable, to maintain for a period of 5 years
18 and provide on request to the Commission, records
19 of the person regarding the position and any related
20 contract, agreement or transaction in natural gas to
21 which the person is a party.



22 “(2) **NO DUPLICATE REPORTS.**—Except as oth-
23 erwise provided in this paragraph , the rules pre-
24 scribed under paragraph (1) shall not apply to any
25 position that otherwise is required to be reported to
26 any agency of the United States if the report would

1 otherwise satisfy the requirements under this sub-
2 section and the report of the position is available to
3 the Commission at the request of the Commission.
4 Notwithstanding the preceding sentence, any report
5 of any such position to any agency of the United
6 States shall constitute a statement, report, or docu-
7 ment required for the purposes of section 9.

8 “(3) CRITERIA FOR RULES.—

9 “(A) IN GENERAL.—In prescribing rules
10 required by paragraph (1), the Commission
11 shall consider—

12 “(i) the purposes for monitoring large
13 positions in any contract for future deliv-
14 ery of natural gas;

15 “(ii) the effect of the reporting re-
16 quirements on the efficiency and liquidity
17 of the market for any agreement, contract,
18 or transaction made in connection with any
19 contract for the future delivery of natural
20 gas; and

21 “(iii) the costs and burden on the per-
22 sons that would be required to file the re-
23 ports.

24 “(B) FREQUENCY.—The Commission shall
25 require the provision of records under para-

1 graph (1) only in circumstances where manipu-
2 lation is suspected, except that the Commission
3 may prescribe rules requiring regular or contin-
4 uous reporting if the Commission finds that
5 such reporting would help to deter or to detect
6 manipulation in any market for any agreement,
7 contract, or transaction made in connection
8 with any contract for the future delivery of nat-
9 ural gas.

10 “(C) FILING REQUIREMENTS.—Records re-
11 quired to be provided under paragraph (1) shall
12 be required to be filed with the Commission in
13 accordance with such requirements regarding
14 the form, timing, and manner of filing such re-
15 ports, as the Commission may prescribe by rule.

16 “(5) OTHER RULES NOT AFFECTED.—This sub-
17 section shall not be interpreted to prohibit or impair
18 the adoption by any board of trade licensed, des-
19 ignated, or registered by the Commission of any
20 bylaw, rule, regulation, or resolution requiring re-
21 ports of positions in any agreement, contract, or
22 transaction made in connection with a contract of
23 sale for future delivery of natural gas (including
24 such a contract of sale), including any bylaw, rule,
25 regulation, or resolution pertaining to filing or rec-

1 ordkeeping, which may be held by any person sub-
2 ject to the rules of the board of trade, except that
3 any bylaw, rule, regulation, or resolution established
4 by the board of trade shall not be inconsistent with
5 any requirement prescribed by the Commission
6 under this subsection.”.

7 **SEC. 203. CRIMINAL AND CIVIL PENALTIES.**

8 (a) **ENFORCEMENT POWERS OF THE COMMISSION.**—

9 Section 6(c) of the Commodity Exchange Act (7 U.S.C.
10 9, 15) is amended in clause (3) of the 10th sentence—

11 (1) by inserting “(A)” after “assess such per-
12 son”; and

13 (2) by inserting after “each such violation” the
14 following: “or (B) in any case of manipulation of, or
15 attempt to manipulate under section 9(a)(2), a civil
16 penalty of not more than the greater of \$1,000,000
17 or triple the monetary gain to such person for each
18 such violation,”.

19 (b) **NONENFORCEMENT OF RULES OF GOVERNMENT**
20 **OR OTHER VIOLATIONS.**—Section 6b of such Act (7
21 U.S.C. 13a) is amended—

22 (1) in the 1st sentence, by inserting “, or, in
23 any case of manipulation of, or an attempt to ma-
24 nipulate, the price of any commodity, a civil penalty

1 of not more than \$1,000,000 for each such viola-
2 tion” before the period; and

3 (2) in the 2nd sentence, by inserting “, except
4 that if the failure or refusal to obey or comply with
5 the order involved any offense under section 9(a)(2),
6 the registered entity, director, officer, agent, or em-
7 ployee shall be guilty of a felony and, on conviction,
8 shall be subject to penalties under section 9(f)” be-
9 fore the period.

10 (e) ACTION TO ENJOIN OR RESTRAIN VIOLATIONS.—
11 Section 6c(d) of such Act (7 U.S.C. 13a-1(d)) is amended
12 by striking “(d)” and all that follows through the end of
13 the paragraph (1) and inserting the following:

14 “(d) CIVIL PENALTIES.—(1) In any action brought
15 under this section, the Commission may seek and the
16 court shall have jurisdiction to impose, on a proper show-
17 ing, on any person found in the action to have committed
18 any violation—

19 “(A) a civil penalty in the amount of not
20 more than the greater of \$100,000 or triple the
21 monetary gain to the person for each violation;
22 or

23 “(B) in any case of manipulation of, or an
24 attempt to manipulate, the price of any com-
25 modity, a civil penalty in the amount of not

1 more than the greater of \$1,000,000 or triple
2 the monetary gain to the person for each viola-
3 tion.”.

4 (d) VIOLATIONS GENERALLY.—Section 9(a) of such
5 Act (7 U.S.C. 13(a)) is amended—

6 (1) by striking “(or \$500,000 in the case of a
7 person who is an individual)”; and

8 (2) by striking “five years” and inserting “10
9 years”.

