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NOMINATIONS HEARING FOR COMMODITY FUTURES TRADING COMMISSION

HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY UNITED STATES SENATE

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

JUNE 4, 2008

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NOMINATIONS HEARING FOR COMMODITY FUTURES TRADING COMMISSION

Wednesday, June 4, 2008

U.S. SENATE,
COMMITTEE ON AGRICULTURE,
NUTRITION, AND FORESTRY,
Washington, DC

The committee met, pursuant to notice, at 11:03 a.m., in room SR–328A, Russell Senate Office Building, Hon. Tom Harkin, Chairman of the committee, presiding.

Present or submitting a statement: Senators Harkin, Lincoln, Stabenow, Chambliss, Lugar, Roberts, Thune, and Grassley.

STATEMENT OF HON. TOM HARKIN, A U.S. SENATOR FROM THE STATE OF IOWA, CHAIRMAN, COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY

Chairman HARKIN. The Senate Committee on Agriculture, Nutrition and Forestry will come to order.

Today, the committee is meeting to consider three nominations to the Commodity Futures Trading Commission. I will just have a brief opening statement and I would yield to two Senators for purposes of introduction.

The Commodity Futures Trading Commission has critical regulatory responsibility to protect and ensure the integrity, fairness, and transparency of our nation's futures, options, and derivatives markets. These markets are vital price discovery and risk management functions. These markets that originated with the agricultural commodities have grown and expanded to cover a broad array of both physical and financial commodities. They now serve vital price discovery and risk management functions that affect the prices that consumers pay for everything from a loaf of bread to gasoline to copper plumbing. They are vital to the functioning of our economy. It is essential that they are properly regulated.

The CFTC has a critical responsibility to protect customers, market integrity, and the public while also promoting efficient and internationally competitive futures and derivatives markets. With good reason, there has been a great deal of interest in restoring fuller CFTC authority to monitor and take appropriate regulatory action in energy derivatives markets.

The farm bill that was enacted last month includes important additional authority regarding the exempt commercial markets. The new authority requires the CFTC to monitor ECM trading of oil, natural gas, and other commodities for contracts that perform significant price discovery functions. Last week, the CFTC announced

energy market initiatives to expand international surveillance of crude oil trading and to increase transparency of trading in the U.S. markets. These are important initiatives that this committee will follow closely over the coming weeks and months. Faced with record high gasoline and diesel prices, every American has a direct interest in the integrity of those markets.

Just yesterday, the CFTC announced agricultural market initiatives to review the role of indexed trading and speculators in agricultural commodities, to improve market transparency, and to take steps to ensure that farmers had the tools they need to manage the price risk in times of these volatile markets.

Over the last year, crop prices have risen dramatically, but producers have not always been able to take advantage of the higher prices because their local grain elevators have not been able to offer forward contracts. The CFTC intends to coordinate with the agricultural lending community to better understand the role of financing in managing price risk.

I look forward to hearing the nominees' statements and answers to our questions. I will now yield to our Ranking Member, Senator Chambliss, for any statement that he may have.

STATEMENT OF HON. SAXBY CHAMBLISS, A U.S. SENATOR FROM THE STATE OF GEORGIA

Senator CHAMBLISS. Well, thank you very much, Mr. Chairman. Because I know we are in a rush to move through this, hopefully before the vote, I am going to submit my opening statement to the record and just say that I am very pleased that these three gentlemen are before us today to fill out the contingent of the Commodity Futures Trading Commission.

Commissioners Lukken and Chilton are very familiar to this committee, having testified before us as well as been a part of this committee, so we are glad to have you two gentlemen where you are. We thank you for your public service.

Mr. O'Malia is also very familiar to many of us on the Hill, as we will hear from Senator Domenici, and I think will be a great asset to the Commission, so I look forward to his testimony today and to completing this and, as I say, moving this to the floor and filling out the Commission.

Thank you, Mr. Chairman.

[The prepared statement of Hon. Saxby Chambliss can be found on page 25 in the appendix.]

Chairman HARKIN. Thank you, Senator Chambliss.

Now what I would like to do is yield first to Senator Lugar for the purpose of an introduction, then I will yield and turn to Senator Domenici, also for the purpose of an introduction, because I know he has to leave, and then we will hear from our nominees. Senator Lugar.

STATEMENT OF HON. RICHARD G. LUGAR, A U.S. SENATOR FROM THE STATE OF INDIANA

Senator LUGAR. Thank you, Mr. Chairman. I thank you for holding this important hearing to hear three well-qualified persons, Walt Lukken, the Chairman, Bart Chilton and Scott O'Malia as Commissioners of the CFTC.

I am especially pleased to welcome back Walt, as he is a former member of my staff and I believe he is remarkably qualified to serve as the CFTC's Chairman. During the summer of 1990, only 18 years ago, Walt was an intern in my office and later spent nearly a decade working on our personal staff and as a staff member of this committee. In that capacity, he played an instrumental role in moving a number of important legislative measures through the committee process, including the Commodity Futures Modernization Act of 2000. Perhaps most memorable to me, Walt's talents as an active runner greatly enhanced our office team in the three mile ACLI Challenge, as well as interoffice running competitions.

He has served as a Commissioner of the CFTC since 2002, being twice confirmed by this committee and passed unanimously by the Senate. In this role, he has been an active and engaged member and continually sought ways to improve government oversight. He has been acting Chairman since June 2007 and is well positioned to provide critical leadership to our economic markets today.

As we are all aware, commodity prices across the board, including corn and oil, have seen large and in some cases rapid increases. The current crisis has developed from a complex web of factors. Expanding affluence in the emerging economy, such as China and India, has improved diets for hundreds of millions of people and led to increased global demand for food. Simultaneously, the highest oil prices on record have driven up food costs all along the line in the farm-to-market chain. The surge in oil prices has increased transportation, packaging, and fertilizer costs, provided the impetus for developing alternative fuels, such as ethanol. We have experienced droughts in some food exporting countries, expanded trade barriers, a weakening of the U.S. dollar and market destroying subsidies. And others have pointed to excessive market speculation or even active market manipulation to explain high wheat prices or crude oil trading above $120 a barrel.

The CFTC has undertaken a number of actions to investigate the core factors fueling these increases, including the recent announcement of greater energy market oversight and transparency measures. I believe it is critically important that these efforts be continued and we look forward to the testimony in today's hearing. I am also interested in hearing from today's nominees about the adequacy of authority given to the CFTC by Congress and the level of funding needed to maintain appropriate oversight of these markets.

I thank you, Mr. Chairman.

Chairman HARKIN. Thank you, Senator Lugar.

Now I turn to our colleague, though not a member of this committee immediately, I know Senator Domenici has always worked very closely with us on a lot of agricultural matters and we welcome him here today, my good friend, Senator Domenici.

STATEMENT OF HON. PETE DOMENICI, A U.S. SENATOR FROM THE STATE OF NEW MEXICO

Senator DOMENICI. Thank you very much, Mr. Chairman and Senator Chambliss and fellow Senators. It is a pleasure to be with you. I am pleased to be here to introduce and recommend Scott O'Malia for appointment as Commissioner of the Commodity Futures Trading Commission.

Let me take a moment to recognize Scott's family for being here with us today, including his parents, who drove all the way from Scott's home State of Michigan, if they would please stand, and his wife and their children. Thank you.

[Applause.]

Senator DOMENICI. I always feel when they think that much of their son, it is probably a pretty important son, so I recognize him on that count alone.

But seriously, he has had a very diverse experience in both public and private portions of the energy sector that will enable him, in my opinion, to bring new and innovative ideas to the market oversight work of the CFTC. I think we all are confounded and perplexed by what is going on in the energy field in terms of prices and wondering whether speculation, inordinate, improper speculation is contributing to it. I think his experience will help him help fellow Commissioners do a better job in the area that we are being asked about as Senators all the time.

I have worked with Scott over the past several years on a variety of national energy-related issues, including energy and water appropriations, national energy policy, funding and support for the nation's nuclear weapons stockpile, and nuclear nonproliferation activities. I have always been impressed with his ability to bring a fresh perspective and superior problem solving. He brings those skills to whatever issues are at hand. His outstanding public service combined with his private energy market experience make him an exceptional candidate to head to CFTC and I hope you will approve him readily for this important post.

I might say that I think you are aware that this is my last year serving with you. My term expires in January, and I think you might expect that if I were still going to be here another term, who knows. Scott O'Malia might not be here. I don't know that, but I am just speculating.

[Laughter.]

Senator DOMENICI. But in any event, he is going to do a formidable job for you all and it is my pleasure to be with you. Thank you, Mr. Chairman.

Chairman HARKIN. Thank you very much, Senator Domenici, and again, I will have more to say on the floor about your service to our country, but I wouldn't let the moment pass without thanking you for all you have done for New Mexico, but also for America, for all of your time here. Of course, your wife does a lot of good too, in the health care field and I have worked with her on a wide variety of health care matters for so many years. Thanks for being here.

Senator DOMENICI. Thank you very much.

Chairman HARKIN. Thanks, Pete.

I know that Senator Stabenow also wanted to be recognized for purposes of introduction.

Senator STABENOW. I do.

Chairman HARKIN. I just might say, we have an 11:45 vote. I would like to get our candidates through so we can get them through in a hurry, and so I am going to ask people to dispense with a lot of opening statements, but for purposes of introduction, I would recognize the Senator.

STATEMENT OF HON. DEBBIE STABENOW, A U.S. SENATOR FROM THE STATE OF MICHIGAN

Senator STABENOW. Thank you, Mr. Chairman. I just want to add words to what Senator Domenici already indicated and welcome all of our nominees, but particularly Scott O'Malia, who hails from a great family in Michigan, Williamston, Michigan. I have known his mom and dad, John and Beverly, longer than I have known Scott, I think, actually, and we have worked together for many, many years. It is great to have you here, John and Bev and the whole family.

I have to say that what is most momentous about my support for Scott today is that he went to the University of Michigan and I went to rival Michigan State University and I am still supporting Scott for this.

[Laughter.]

Senator STABENOW. But we are very proud of you and welcome.

Chairman HARKIN. Does anyone else have a statement for purposes of introduction?

[No response.]

Chairman HARKIN. Thank you all very much. We have all of your statements, I say to all of our nominees this morning. A couple of things that I have to dispense with here that are required. Would you all please stand and raise your right hand, please.

Do you swear or affirm that the testimony you are about to provide is the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. LUKKEN. I do.

Mr. CHILTON. I do.

Mr. O'MALIA. I do.

Chairman HARKIN. Thank you. Please be seated. Another mandatory question. Do each of you agree that if confirmed, you will appear before any duly constituted committee of Congress if asked to appear? Mr. Lukken.

Mr. LUKKEN. Yes.

Chairman HARKIN. Mr. Chilton.

Mr. CHILTON. I do.

Chairman HARKIN. Mr. O'Malia.

Mr. O'MALIA. I do.

Chairman HARKIN. Thank you very much. The last housekeeping thing that I have here is that would each of you make sure that we have the proper spellings and the names of your family members who are here that were introduced?

We will start first with Mr. Lukken, who is nominated to fill the position of the Chairman of CFTC. A lot of us know Walt from his service up here for a long time. Again, if I could ask each of you maybe just 5 minutes or so, maybe, and then we will have some time for questions and interchange. If that would be all right, I would sure appreciate that. We will go with Mr. Lukken, then Mr. Chilton, then Mr. O'Malia.

Mr. Lukken, welcome back to the committee.

STATEMENT OF WALTER LUKKEN, OF INDIANA, NOMINEE TO BE CHAIRMAN OF THE COMMODITY FUTURES TRADING COMMISSION

Mr. LUKKEN. Thank you, Chairman Harkin, Senator Chambliss, and other members. I appreciate the kind remarks of my former boss and mentor, Richard Lugar. I am always thinking about him whenever making informed decisions in the government. He is somebody that I admire every day, so I appreciate your thoughtful remarks.

I do also want to introduce my wife, Dana, and my sister-in-law, Diana, and my mother-in-law, Denise, who are here. They are from Louisiana, so there is no Senator here from Louisiana, but——

[Applause.]

Mr. LUKKEN. I also want to make sure to recognize my fellow colleagues from the CFTC, Commissioners Mike Dunn and Jill Sommers, who are here in attendance, so thank you very much.

Since I first appeared before you as a nominee in 2002, the futures markets have changed dramatically, both in size and complexity, experiencing fivefold growth in both volume and products traded. Once member-owned and dominated by open-outcry trading, today exchanges are technology-driven corporations that primarily trade electronically 24 hours a day, all around the globe. Add to these significant changes the subprime crisis, record commodity prices across the board, and the large influx of financial funds into futures, and it is clear that these are extraordinary times in our markets.

Needless to say, the past year has presented challenges for regulators but also opportunities for advancements in oversight. In the time since I became Chairman nearly 1 year ago, the agency has amassed a solid record of accomplishment, tackling some of these difficult issues.

In my second month in this role, the Commission announced its intention to address the mounting regulatory concerns surrounding exempt markets that trade over-the-counter energy products. The Commission held a public hearing and worked with your committee to develop legislation providing our agency with additional abilities to oversee exempt commercial markets. These authorities were part of the Farm Bill enacted last month and the CFTC has begun implementing these important measures into law.

Critically important, the Farm Bill also contained the rest of the CFTC's reauthorization, which had lapsed in 2005. Beyond the energy measures, the bill authorized the agency through 2013, clarified the agency's fraud authority over retail foreign currency transactions, and doubled the agency's penalty authorities for manipulation. I applaud the leadership of this committee for moving this important piece of legislation.

Another major breakthrough this year was the CFTC's agreement with the Securities and Exchange Commission that established a regulatory framework for coordinating our respective public missions. In March, Chairman Cox and I signed a Memorandum of Understanding that will help the agencies share information as well as coordinate a review of novel derivative products. Yesterday, our agency announced the first products to be approved using this new regulatory framework with the listing of gold ETF products on

both OneChicago, a CFTC-regulated exchange, and CBOE, an SEC-regulated exchange. This shows that when regulators work together, markets can benefit without compromising the public interest.

During my service, the Commission has been busy on the enforcement front, as well. Aggressive enforcement must accompany strong regulatory policies to effectively police the futures markets for manipulation and fraud. The CFTC's Division of Enforcement had another productive year, highlighted by the record settlement with British Petroleum for manipulating the propane market, the announced action against Amaranth hedge fund for attempting to manipulate the natural gas market, and the Marathon Oil case for attempted manipulation of the crude oil market. The CFTC may be a relatively small Federal agency, but we maintain a zero tolerance policy toward anyone who attempts to disrupt these important markets.

Recent concerns with the functioning of the agricultural futures markets led the Commission to convene a public hearing on April 22 at our Washington, D.C. headquarters. Yesterday, the Commission announced several initiatives derived from its Agricultural Roundtable, including the public disclosure of an ongoing cotton investigation surrounding the March price run-up in this commodity, the review of whether index traders are being properly classified for regulatory and reporting purposes, the official withdrawal of two proposals regarding increasing speculative participation in our markets, the development of additional risk management products for producers, including ag trade options and cleared agricultural swaps.

This comes on the heels of last week's announcement of our national crude oil investigation and several other energy initiatives, including a new agreement with the U.K. Financial Services Authority to expand the data received from institutions trading crude oil products across borders.

The CFTC also announced that it will use its authorities to receive more detailed data from the energy markets from participants that are in indexed trading coming from these markets and to make sure that this indexed trading is properly classified.

If it sounds busy, it is, especially given that the agency's staffing levels are near record low numbers. Since the CFTC opened its doors 33 years ago, the volume on futures exchanges has grown 8,000 percent while the CFTC staffing numbers have decreased 12 percent. Mr. Chairman, this is a small agency doing an extraordinary job under difficult circumstances. I am fortunate to work every day with a group of dedicated and skilled individuals at the CFTC. Without a doubt, these are some of the hardest-working people and most productive individuals that I know.

Should this committee and the Senate vote to confirm me as Chairman, I pledge to serve to the best of my abilities as this agency's steward and to work with my Commission colleagues as we strive to ensure that these markets are meeting their price discovery and risk management roles free from manipulation and market abuse. Thank you very much.

[The prepared statement of Mr. Lukken can be found on page 42 in the appendix.]

Chairman HARKIN. Thank you very much, Mr. Lukken. We will go through all the candidates and then we will open it up for questions.

I will introduce Mr. Chilton myself, since I have known Bart Chilton for a long time. Mr. Chilton has a long record here on the Hill, 10 years in the House for various members of the House Agriculture Committee with whom we have worked closely: Congressman Pomeroy and Congresswoman Long and Congressman Jim Jobs, Congressman Terry Bruce. For 5 years, Mr. Chilton worked at the Department of Agriculture under the Clinton administration, and, of course, worked for Majority Leader and Minority Leader, both Tom Daschle, for a long time here. A lot of us know him also as the Vice President for Government Affairs for the National Farmers Union.

Mr. Chilton, I know, has been very much involved with family farmers, hands-on people, farmers throughout the country for as long as I have known him, and that has been 20–some years. So it is again a privilege to welcome you back, Mr. Chilton, to the committee, and please—as I said for all of you, your statement will be made a part of the record and please proceed.

STATEMENT OF BARTHOLOMEW H. CHILTON, OF DELAWARE, NOMINEE TO BE A COMMISSIONER OF THE COMMODITY FUTURES TRADING COMMISSION FOR A TERM EXPIRING APRIL 13, 2013

Mr. CHILTON. Thank you, Mr. Chairman. That is really nice of you to introduce me like that and I appreciate it, and thank you, Senator Chambliss and all the members of the committee. It is a pleasure to be with you.

I won't read my statement and I will try to be as brief as possible and keep us on schedule. I thought maybe since I was here like 9 months ago, I might just give you a quick react to what I am seeing at the CFTC, and I will try not to repeat anything that Walt has said.

The staff is great. They have this super institutional memory. They have issue area expertise that I think is probably not found in many places. They really are a good group of folks. We have even got a fellow, Charlie Rickey, who used to work in the basement of USDA before we were the CFTC. But on surveillance and oversight and litigation and enforcement, they work hard every day, as Mr. Lukken said.

On enforcement, for example, at any one time, we are investigating between 750 and 1,000 individuals or companies for violations of the Commodity Exchange Act as the Acting Chairman said, the industry that we regulate today is dramatically different than it was at its inception or even five years ago. I won't go into all the details, but the Act that you all passed, the last reauthorization, it is really different than anything else in government. It is not the old sort of stovepipe government that is bureaucratic. We are able to move things and approve things quickly, and that has allowed the industry to be nimble and quick and to take competitive advantage of really good ideas, and helped foster the economic engine of our democracy.

So I congratulate you for that Act and thank you, as the Acting Chairman did, for what you have done on the Enron loophole and fixing FOREX.

I do believe there are new challenges and that we must look at things in a completely different way, for many of the reason the Acting Chairman addressed—increased volume, increased number of traders, and two other areas. One, technology. People are moving to electronic trading and it is critcal that the CFTC keeps up. That is why our appropriations are so important, not just from the human capital side, but on the technology front, because software and the tools we use to stay a step ahead are not things we can just run down to Circuit City and buy. It takes a long time to implement these new technologies and requires considerable foresight on behalf of appropriators in Congress.

The final thing is globalization. These are markets that are operating twenty-four-seven-three-sixty-five. Somebody is trading all the time. For us not to realize that we must work with our fellow regulators around the world would be a big mistake, and we are doing that and trying to get better information for them.

With regard to what is going on in the markets now, we are seeing an entirely new paradigm and we must look at our regulatory approach in a fresh way. The standard operating procedure no longer should apply and transparency is probably the first antidote for ill markets. Whether or not you take that a step further, whether you deal with margins, whether you reclassify people, those are all things that I would urge caution and encourage us to gather the requisite information and make sure that our cure isn't worse than the disease.

But the absolute first thing, is to get information, from our foreign counterparts, that we drill down on that data and these markets, and then do our best to ensure that we are ensuring price discovery, guarding against fraud, abuse, and manipulation, and we are ensuring that these markets are viable, efficient and effective risk markets for hedgers, farmers and ranchers and grain elevators and the other hedgers, the commercials. It also needs to be fair for speculators, because, look, they are the other side of a vast amount of trades. You don't have a hedge if you don't have somebody on the other side of it and speculators are critical to making markets work. We need to make sure it is working for everybody.

Most importantly, Senators, it is critical that we ensure that these markets operate because it affects the price that people pay for about everything they buy. It is important for the American consumers. And if you continue to entrust me with that responsibility, I will work hard to be the type of regulator that tax-payers deserve. Thank you.

[The prepared statement of Mr. Chilton can be found on page 40 in the appendix.]

Chairman HARKIN. Thank you very much, Mr. Chilton.

Now we turn to Mr. O'Malia, welcome to the committee. Please proceed.

STATEMENT OF SCOTT O'MALIA, OF MICHIGAN, NOMINEE TO BE A COMMISSIONER OF THE COMMODITY FUTURES TRADING COMMISSION FOR A TERM EXPIRING APRIL 13, 2012

Mr. O'MALIA. Thank you, Chairman Harkin, Ranking Member Chambliss, and members of the committee. I am grateful for the opportunity to appear before you as the President's nominee to serve as Commissioner on the Commodity Futures Trading Commission. I appreciate the committee holding this nominating hearing and I would like to thank Senator Domenici for his support, as well as the support of Senator Stabenow, being a Michigan resident.

Before I begin, I want to introduce my family, which Senator Domenici did. I am honored to have my wife, Marissa. Mr. Chairman, she attended Palmer College of Chiropractic in Davenport, Iowa, practices here today. She is the best chiropractor in town. I also am joined by my three daughters, Kelsey, Claire, and Macey. I would also like to thank my parents, John and Bev O'Malia, for driving down from Michigan to join me today. Growing up on a small farm in Michigan, my parents taught me the value of hard work and persistence. I would not have the opportunity today if it were not for the support of my wonderful family.

After graduating from the University of Michigan in 1990, I came to Washington and found my first job with the Public Securities Association, a trade association serving Wall Street and Main Street banks with interest in bonds and municipal finance. I was then offered a position with Senator McConnell's office, where I worked for 9 years on a wide variety of energy issues, including legislation fighting for lower and more transparent electricity rates for Kentucky residents.

My experience continued when I went to work for the private sector for 2 years with Mirant, an Atlanta-based independent energy company. It was during this period that I learned first-hand the devastating impacts a flawed market design can have on consumers and markets. The Enron debacle opened my eyes to very serious consequences of poorly designed markets and inadequate oversight.

As investors in the credit rating agencies lost confidence in the sector, it forced the industry to reevaluate its own risk management controls. During this time, I worked to help establish the Committee of Chief Risk Officers. This is an organization developed by the industry to support best practices and put an end to the manipulative trading deployed by Enron and others.

While these developments of new standards were a necessary exercise to restore discipline in the trading sector, I strongly believe that regulators are critical to ensuring that markets operate in a fair and transparent manner. To achieve this, regulators must be provided with the appropriate authority and tools to respond to the constant evolution in market behavior and products. To this end, I compliment the committee for its work in passing new authorities in the Farm Bill for the CFTC to expand its authority over certain contracts trading on exempt commercial markets.

In 2003, Senator Domenici offered me a job as a professional staffer on the Energy and Natural Resources Committee handling oil, natural gas, and coal markets as well as the futures market.

In developing the 2000 energy bill, I worked extensively with the Senate Agriculture staff to ensure this committee's jurisdiction over the futures markets were maintained. In 2004, I became the Clerk of the Energy and Water Development Subcommittee on Appropriations, with funding responsibilities for the Department of Energy and Federal Energy Regulatory Commission, among others. For the past 4 years, I have worked in a bipartisan fashion to facilitate the deployment of advanced energy technology to reduce our reliance on foreign energy sources.

Drawing on my extensive energy background, I believe I can make a significant contribution to the market oversight responsibilities of the Commission. If confirmed, I will work to ensure the CFTC uses all of its legal authorities to guarantee markets operate in a fair and completely transparent manner. These markets must continue to serve as a price discovery and risk management tool for all participants. It is also imperative that the Commission continues to stand firm against abusive trading practices, including fraud and manipulation.

I will work with the other Commissioners and the experienced staff to implement new legal authorities Congress has provided the Commission as part of the 2008 farm bill. I will also support the cooperative enforcement agreements with other Federal agencies to guarantee that these agencies treat companies fairly and consistently protect consumers.

In closing, I would like to thank the committee for holding this hearing and considering my nomination. It would be an honor and a privilege for me to serve the American people in this capacity. That concludes my statement.

[The prepared statement of Mr. O'Malia can be found on page 45 in the appendix.]

Chairman HARKIN. Thank you very much, Mr. O'Malia. We will just start a round of questions. I just have a couple that I wanted to proffer here and then we will take questions from other. We have that vote at 11:45.

Mr. Lukken, I was in the House when the CFTC was created, in 1974, and so I followed it very closely during all my tenure on the Agriculture Committee in the House and then here in the Senate as a member, and now Chairman of the Agriculture Committee. And, you are right—the amount of work you have to do has increased substantially. You have five members of the Commission. That number was established in law when the CFTC was established in 1974, however I am not certain how many staff you have there. Perhaps you could enlighten me on that.

Let me ask you this. With this tremendous new responsibility you have and with worldwide markets, it is so different than what it was in 1975. Do we need more members of this Commission to parcel out the workload, and how about staff? I know you said the staff was down 12 percent. Twelve percent from where, I don't know. But could you tell me, do we need more staff? How many staff do you have and do we need more?

Mr. LUKKEN. We have roughly 450 staff members today. That is an historic low number for us.

Chairman HARKIN. How much was it, say, 20 years ago?

Mr. LUKKEN. We were at our high in the mid–500's. I think when we opened the doors, we were around 500 as an agency over 30 years ago. So yes, we certainly need more bodies at the agency. We have been able to get more productive as a result of technology. This is an information-driven industry, and so we are able to collect the data efficiently with new technology, but still we need skilled personnel in order to sift through this data and make informed, qualitative decisions.

So we have a $112 million budget this year. We have asked and the President has provided a $130 million appropriation request to Congress this year. We hope to get that. But that is the minimum. We could use more. And so as Congress considers resources, we certainly will be willing to talk about additional funds for the CFTC.

Chairman HARKIN. How about Commissioners? Do you need more than five?

Mr. LUKKEN. Five, I think, has worked well for us. I mean, it gives a good diversity of views. You want to make sure that you have different thoughts coming at a process, but not too large that you end up—it makes it difficult to make decisions. As Bart said, we get to be a nimble organization. So you want to try to find that balance. I think five has worked well, but it is something worth considering.

Chairman HARKIN. OK. I am just wondering because of this tremendous caseload, workload that you have.

Mr. LUKKEN. Yes, absolutely.

Chairman HARKIN. Let me ask maybe both of you—Mr. Chilton, you touched on the idea of speculation and what is happening there. Market prices for energy and agricultural commodities have reached record levels. We keep hearing about speculation. Someone said the other day, I don't know whether it is true or not, that about 30 percent of the price of a barrel of oil can be allocated to just speculation. I don't know if that is true or not, but I have heard this number bandied about.

And I am concerned about a parallel with Enron, not perfect, but some might say that there is a bubble of some degree in commodities, energy, even some financial derivatives. I asked you, Mr. Chilton, about this. How do we know that the positions taken in the markets could not unwind very, very rapidly with big consequences? How much assurance can you give us and the American people that we are not facing another Enron surprise in either commodities, energy, derivatives? Can you give us any assurance on that? I address these questions to ask both Mr. Lukken and Mr. Chilton.

Mr. CHILTON. I can't, Mr. Chairman. I can't tell you exactly what the reason for the large price move is. As you know, the concern is there are speculators moving into the market and the quick answer is, from a lot of folks, is that they are long in the market and staying long. Whether or not that has an impact, we simply don't know. They are not in the spot month, but that doesn't mean that they couldn't be having some important impact on the market when they exit the spot month and immediately re-enter the market. A lot of times, these are passive investors that they are not trading on inside information, which this industry uses. They are

sort of followers more than anything else and have made commodities markets an asset class to diversify their portfolio. They are about 30 percent of some of these markets and it may be a contradiction in terms to say that anybody who is 30 percent of any market is passive.

I firmly believe it deserves a closer look, as I said in my statement and a careful examination. It is something—we have to look at it differently than we have before, Mr. Chairman. We need to beat up this data and slice and dice it and figure out what it means and maybe categorize commercials differently, maybe figure out if there is any undue influence so that we are avoiding any fraud, abuse, and manipulation. With gas near $4, it just is a crime for us not to be doing everything we can, and I think we are headed down that road now, sir.

Chairman HARKIN. Mr. Lukken, any thoughts on this, could some of these things unwind; could we be in for another Enron surprise in some of these other areas?

Mr. LUKKEN. I think this is the basis of our announcement last week. We understand there is a large influx of financial money coming into the commodity markets. We want to get a better understanding of it. So the first step is to ask for the data, to ask for better, clearer, more detailed data on what is coming in. So that is what we did last week and we are going to review how those financial traders are being treated from a regulatory point of view as an agency.

Traditionally, our systems are in place to prevent manipulation, somebody who is intentionally going in to move the markets. It is an illegal act. I think what is being talked about more is the amount of money coming into the commodity markets may be overwhelming the structure of the markets. So that is something we are trying to get our arms around and something that we announced last week.

Right now, there is not a clear smoking gun as far as index traders. As Bart said, they are never in the spot month where delivery occurs so it is not affecting the physical commodity. There are some commodities, such as live cattle and lean hogs, that have a very large percentage of index trading. They are down negatively for the year. And so we are looking to find a clearer picture of what is going on in this area and we will continue to look at it.

Chairman HARKIN. Mr. O'Malia, I didn't mean to exclude you, but since you have just come on, any thoughts on this subject of speculation and whether or not we could be facing a bubble that might unwind?

Mr. O'MALIA. Well, one of the things my father taught me in doing my math homework was go with what you know. We do know that billions of dollars have come into the commodity markets as outperforming equities and we have seen this activity. The CFTC is obviously taking steps to increase the disclosure and transparency, looking at index traders, swap dealers in both agriculture and energy markets. I think what Commissioner Chilton said was right. We need to look at this data, turn it inside out, and make sure we know exactly who is doing what in the markets, what the nature of their investments are, and where they are going with them.

Chairman HARKIN. Do you all have the ability to do that, and would you make that information available publicly and to this committee?

Mr. CHILTON. We do. I should let the Acting Chairman respond, but I will take this opportunity to tell you that we have got 448 people right now. At the height in 1992, we had 592. So we are down 150 folks. Now, the ordinary budget process that we go through—ordinary, I say, you know, you submit something to OMB—we asked for $150 million. I am totally off-script now, but we got what was a $130 request. I think we could use that $150 million plus the good work that you did on closing the Enron loophole, that is going to be another $6 million. So we could use upwards of $155, $156, $157 million to ensure that we can do this stuff. As I said earlier, these are extraordinary times and I think it requires an extraordinary budget, sir.

Mr. LUKKEN. We will absolutely share that information. We have confidentiality issues at the agency, to make sure we are not disclosing trader positions, but that is something we want to, in an aggregate form, inform the public and this committee.

Chairman HARKIN. I am going to turn to our Ranking Member now, but I just want you to know that I hear it a lot. There is a lot of unease about some of these markets, the derivatives and some of the energy positions out there. There is just a lot of anxiety about it right now. Thank you very much.

Senator Chambliss.

Senator CHAMBLISS. Thank you, Mr. Chairman.

Gentlemen, I want to turn for just a minute to a hearing that was held in the Commerce Committee yesterday. I think there has been some press that has been out today giving attention to some statements that were made in there, particularly statements by a Professor Greenberger relative to the markets of today and the oversight by CFTC. Now, I don't know this Professor Greenberger, but I hope he does a better job of preparing himself to teach his law class than he did for appearing before the Commerce Committee yesterday because he misstated the facts as I know the facts to be, because I was involved, as was Senator Harkin, in the negotiations relative to the provisions that we added in the Farm Bill concerning additional oversight responsibilities and authorities granted to the CFTC, and I know that Commissioner Chilton, you as well as Commissioner Lukken were very much involved in these. These negotiations on this issue started, in fact, 3 years ago when I was the Chairman and we were looking to reauthorize the CEA and they have been ongoing since that time.

So for this guy to walk into the Commerce Committee yesterday and to say that this committee as well as Senators Feinstein and Levin and Snowe, as well as PWG were shills for ICE is totally outrageous and it is appalling to me that somebody would make a statement like that in a public hearing when they simply know not from which they speak.

Mr. Lukken, let me just direct it to you. You were integrally involved in these negotiations. ICE, as I recall, was not—as a matter of fact, I know they weren't happy. ICE happens to be a constituent of mine. When the PWG made their recommendations, they were very upset about the recommendation and it took an extensive

amount of negotiating between the CFTC, between PWG, and all of the members of the industry—this was not solely discussions with ICE—before appropriate language was achieved, and I would like to give you the opportunity to respond to the comments that were made by this gentleman yesterday.

Mr. LUKKEN. Well, this did go through a full transparent airing of the public when we came to this issue. It started last summer. Several committees in Congress held hearings on these issues. Obviously, there was concern about the amount of oversight happening on these types of exempt commercial markets. We worked closely with this committee as well as Senators Feinstein and Levin to develop a proposal. Our agency, in fact, held a public hearing, as public as you get. All comers could have come and talked and given us their views, and we heard from a variety of people from all sides talking about exempt commercial markets.

From that, we developed legislative recommendations for Congress. They were brought to this committee. This committee passed this as part of the Farm Bill after debate and amendment on the floor. The House marked this up in their committee, as well, the House Agriculture Committee. And so there was a lot of work, bipartisan work, in getting this done. As the Senator mentioned, the PWG as well as the Commission, Democrats and Republicans on the Commission, approved these recommendations coming up to Congress.

So no, there was plenty of transparency in the process and I hope that there is an ability of the CFTC to implement these provisions before they are thrown out. We are in the process of trying to implement these to ensure that we have closed these loopholes that they are talking about for exempt commercial markets. So I hope there is some patience with the public.

Senator CHAMBLISS. Well, I have no doubt, but what with the additional tools that you are going to be able to do an even better job than what you have been doing relative to that oversight and I have such great respect for Senators Levin and Feinstein and Snowe. They did a terrific job of helping negotiate a very fair position. And again, I would just say that anybody who thinks otherwise or makes a public statement ought to apologize to those individuals.

One other statement that this gentleman made yesterday, Bart, was relative to the Acting Chairman. I happen to think that Acting Chairman Lukken is doing a terrific job on a very difficult situation of volatile markets, rising prices, and we sought to give you more tools because that is what the Acting Chairman and the members of the Commission, including you, said we needed. I would just simply like to throw out to you, when he was asked the question of whether or not Acting Chairman Lukken was part of the problem or part of the solution, he said he is part of the problem. He was considered a Republican nominee. You are considered a Democratic nominee. Give me your thoughts on that for the record, please.

Mr. CHILTON. Well, this man is not part of the problem, I can assure you, Senator. He is a dedicated public servant who has worked hard on Capitol Hill and in government.

I do just want to take maybe 15 seconds and say I think there is an important issue that was raised in the hearing, though, and that deals with what I talked about in my statement and that is transparency, and particularly when we look at overseas contracts. If you look at the WTI contract on ICE in London, it is a look-alike contract for the NYMEX market, and there is only a certain amount of oil, and so we should look at what the positions are there, and as I have talked about, beat up this data and more transparency is important.

We have entered into an agreement with the Acting Chairman's leadership with the Financial Service Authority in the U.K. to get this information on a daily basis, particularly in the back months. We were getting it on a daily basis in the spot month. But now we will be able to look back and see if there is anything going on over there. They don't have position limits there in the U.K. on this look-alike contract.

So the question, Senator, would be whether or not, if you had large positions on both contracts, whether or not that could potentially manipulate the market, even for a temporary amount of time, and that is one of the things that we are going to be looking into very intricately.

Senator CHAMBLISS. Is there any information that you have requested from the FSA in the United Kingdom relative to these contracts that they have not given you?

Mr. CHILTON. Maybe Chairman Lukken would like to——

Mr. LUKKEN. Absolutely not. We talk to them frequently, our surveillance staff and their surveillance staff. And again, these are not physically delivered contracts. These are cash settled off of the NYMEX, so they are not moving around physical crude oil, so I think that is important. They are giving us, as Bart said, daily information now and they are now committed to putting it in a format that will seamlessly come into our surveillance systems. They have agreed to notify us when they exceed accountability limits on the NYMEX, notify us using a red flag system that when something goes over an accountability limit on one of our exchanges, they are willing to let us know about that. And we are seeing it all. It is all transparent to us.

Rather than sort of turning off these markets with the fear that they could go underground or to less-regulated areas, it would be better, I think, to engage these regulators. These are global markets and we are world leaders here. We should engage these regulators overseas and make sure that we are seeing the entirety of the marketplace.

Senator CHAMBLISS. Thank you, Mr. Chairman.

Chairman HARKIN. Thank you, Senator Chambliss.

The list I have here is Senators Lugar, Stabenow, Roberts, Lincoln, Thune, and Grassley. Senator Lugar.

Senator LUGAR. Thank you very much, Mr. Chairman. I just want to follow up the questioning of Senator Chambliss.

As all of you will recall, in the 2000 negotiations of the reauthorization of CFTC, there was very strong opposition from the energy interests to a regulation by CFTC. As a matter of fact, I can remember the difficulties with the Banking Committee, for one, and others who felt that they had a say in all of this, and so as a result,

we came out of that particular period with a degree of openness and with the markets that some felt led to the Enron problem or at least it became possible because of lack of regulation.

Now, I compliment the Chairman and Senator Chambliss in the recent years, and it hasn't all happened in this particular year, for attempting to close the gap, to give the CFTC authority. But as you pointed out today, there needs to be authority with regard to other markets, whether it is the U.K. or so forth, and this degree of cooperation.

What I suppose I really want to know, and you have answered this in a way but maybe not to my satisfaction, if you had the transparency that you are talking about, and hopefully you do, and let us say the U.K. people or others agree that transparency is required in terms of world economy, even at that point, are there the analytical skills or the regulatory skills or the information given this 24/7 situation that Mr. Chilton is talking about to spot what is going on?

The reason I suggest this is a very small number of people, and you are 400–and-some, plus this small budget is taking a look at a problem that could have worldwide implications in terms of catastrophe in our economy. Many pessimists would say that the oil bubble, just to take that one, leaving aside corn or beans or what have you, but just the oil bubble, if it burst and you have a drop of tens of dollars suddenly, is going to knock the socks off of whatever recovery our economy has right now, quite apart from the Western European situation, which is equally weak.

So this has huge implications, what we are talking about today. People may not understand what the CFTC does, but people should because this is perhaps the way in which the world can be alerted and policymakers, whether it be the Federal Reserve Board or the President or the Treasury in our country, make some policy judgments. So what is the state-of-the-art in spotting a bubble if you have full transparency and cooperation at this point.

Mr. LUKKEN. This is something that we think about. As I said, our systems have traditionally been in place to spot and to take action on intentional manipulation. This is the Hunt silver crisis back in the late 1970's type of environment, where somebody tries to corner or squeeze a market, and we could see through their positions on a futures market the fact that they are holding—they are trying to hold the position as well as hold the commodity in the cash market.

I think what is being discussed now is not that type of intentional manipulation but just the fact that a lot of money is flowing into these markets, potentially creating a bubble. We don't have regulatory tools to spot that sort of a situation. We look at supply and demand data. There are obviously strong fundamentals in this area.

We are asking for better information. That is what last week's and yesterday's announcements were intended to get, is this better information on the amount of funds flowing into these markets, and it is certainly worthy of discussion with the President's Working Group about what all this means. Are there ways that we can control and manage the types of monies that are coming into these markets, develop practices for those that are entering the market-

place? So there is not an easy answer here, but it is something we are trying to get our arms around.

Senator LUGAR. Just a sub-question of this. Do you have as a part of your staffs or others you work with people involved in foreign policy or security policy? Taking the oil business, frequently it is suggested maybe 90 percent-plus of oil now is governed by governments, by state agencies who may have political agendas, not economic agendas. What if a Hugo Chavez decides to give oil to people in the United States or the Caribbean or so forth while less is being produced in his own country? We would say, well, this is ridiculous. Here you have less production and you are giving it away. Well, not ridiculous from his standpoint with a political agenda rather than an economic one.

I wonder to what extent this influences the way that you look at this situation. You are trained economists and people and it is transparent, but the motives of some of these other countries are sometimes not really very hidden and I just wonder whether this is a factor that you are looking at.

Mr. CHILTON. If I might, you know, that one of the things that I have expressed a real concern about and this is a concern in general in the financial services areas, and that is sovereign wealth funds. And I am not casting any aspersions on any individual nation, but Saudi Arabia has a $900 billion sovereign wealth fund. Now, these things are not very transparent and they are not supposed to be operated on geopolitical bases. They are supposed to be just sort of an investment tool. But this is something that people are looking at, and whether or not those are having any sort of impact on our markets, we don't know, but that is an area, Senator, that I think we need to be looking at in addition to the other areas that you mentioned earlier.

Senator LUGAR. Thank you.

Mr. LUKKEN. Well, it is definitely something, if I might chime in, too, that the President's Working Group and the Treasury Department are looking into developing best practices for sovereign wealth funds, that when they enter the commercial markets, that they should act like commercials with full transparency and abiding by the rules of the free market society. So that is something, I think, the Treasury Department is looking into, and we are also following, from a surveillance point of view, how many sovereign wealth funds are in our markets. They are very low numbers. They are not heavily involved in futures trading at the moment, but it is something we are keeping a close eye on.

Senator LUGAR. Thanks.

Chairman HARKIN. Thank you, Senator Lugar.

Do you have any follow-up questions at all? We have a roll call vote on right now and I am sorry that other Senators didn't get a chance to ask questions. I will keep the record open for a while for questions to be submitted to you in writing, if you could respond.

Well, that was quick. Senator Lincoln, before we all go to vote here.

Senator LINCOLN. Thank you, Mr. Chairman, and thanks to Senator Chambliss, as well, and we want to thank all of you all for being here today. I think you all certainly know, and I think many of us are learning more and more, the CFTC's role in regulating

the commodities futures market, and it has come under such increased scrutiny as so many of our commodity prices have surged to record levels, whether it is oil, corn, wheat, or cotton, which you all brought the case before.

Your average American consumer is paying more. Having just done a tour throughout my State covering the majority of my State, I was amazed. Without a doubt, gas prices were the very top issue, the war in Iraq, but food prices were incredibly important to working families, and seeing that and feeling helpless in terms of what they can do about that. So looking at our food pantries, knowing that they are at record highs. I just got a letter, a solicitation in the mail commenting that they were serving 30 to 35 percent more this month this year than they did the same month last year.

So it is a critical issue for our families and our working families out there. For our producers, the cost of inputs from diesel to fertilizers have soared. We are in an unusual time and it is going to be critical for us to maintain our competitiveness.

Globally, higher food prices have threatened to certainly cause severe food shortages in countries. They have sparked riots. We have seen that happen and we don't want it to happen here.

Ultimately, you all are the cop on the beat and we appreciate that. You are a cop on the beat for us as well as these global markets and it is a role there to prevent fraud, the manipulation, the excessive speculation in futures markets, and we want to make sure that you have the tools to do that, so we applaud you for the steps that you have recently announced to deal with that greater transparency which Bart mentioned and the oversight to our agriculture and energy futures markets.

As Chair of the subcommittee that has oversight over CFTC, I really do look forward to working with all three of you in the future. I think there is much to be done, and as you mentioned, you probably do need more bodies to be able to do that, but also to ensure that what we are doing is going to meet the needs of the 21st century and that we are looking forward as opposed to backwards in the needs that we have.

Mr. Chairman, just two quick questions. One is to what extent do you think that the low dollar has an effect on crude oil, and the other is what do you think your biggest challenge is, and I think you have pretty much covered that second one, many of you have, but if there is anything else you would like to add to it, I would like to hear it.

Mr. LUKKEN. I will just quickly mention that the dollar is obviously a factor on crude oil prices and other commodities across the board. Our staff, just plotting the dollar's rise against crude oil and the Euro, there is as much as a 25 percent difference. So we think somewhere in that range. That is a back-of-the-envelope-type calculation, but certainly the dollar is having a big impact on commodities across the board.

And obviously the big challenge is just the size, enormity, and speed of these markets that are happening before our eyes. These are global markets. We have to be engaged with global regulators. They are technology-driven markets. We have to get better technology so we are able to see this. And it is going to require more resources, as you mentioned. So these are all things that we will

be working with your committee to try to implement over the coming year.

Mr. CHILTON. What he said.

[Laughter.]

Mr. O'MALIA. I will agree.

[Laughter.]

Senator LINCOLN. Well, that was easy and it gets us to our vote. Thanks to all of you and we look forward to working with you.

Chairman HARKIN. Thank you very much, Senator Lincoln.

I will just announce that Senators will have until 6 p.m. today, for the staff who are here, to submit questions for the nominees, and for the benefit of other Senators, it is my intention to ask for unanimous consent on the floor to discharge the committee of these nominees, to bring our nominees to the floor as quickly as we can.

I thank all of you for all of your service, the Commissioners who are here, Mr. Dunn, Ms. Sommers, Mr. Lukken and Mr. Chilton, and welcome our new member, Mr. O'Malia, to the Commission. I look forward to working with you in the future.

Thank you very much, and the committee will stand adjourned subject to the call of the Chair.

[Whereupon, at 12:02 p.m., the committee was adjourned.]

APPENDIX

JUNE 4, 2008

STATEMENT OF SENATOR TOM HARKIN, CHAIRMAN
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY
HEARING ON NOMINATIONS
JUNE 4, 2008

Good morning. I am pleased to welcome to our Committee three nominees for positions at the Commodity Futures Trading Commission.

Walt Lukken is nominated to fill the position of Chairman of the CFTC. Since the departure of former Chairman Jeffery nearly one year ago, Mr. Lukken has served as the acting Chairman. This has been a time of tremendous volatility in the commodity markets. Mr. Lukken is very familiar to many members of this Committee from his years of service with Senator Lugar.

Bart Chilton appeared before this Committee in June of last year for confirmation to a term that expired on April 13. He is re-nominated for a full 5-year term. He too, has a good deal of experience working in Congress, most recently for former Senator Tom Daschle. Mr. Chilton's extensive experience includes positions at the Department of Agriculture, the Farm Credit Administration, and at National Farmers Union.

Scott O'Malia is nominated for the remainder of the term expiring April 13, 2012. He also has extensive Senate experience. He currently serves as Minority Clerk of the Senate Energy and Water Development Subcommittee and has also served as professional staff on the Senate Energy and Natural Resources Committee. He began his Senate career in the office of Senator McConnell another valuable member of this Committee.

The Commodity Futures Trading Commission has critical regulatory responsibility to protect and ensure the integrity, fairness and transparency of our nation's futures, options and derivatives markets. These markets serve vital price discovery and risk management functions. These markets that originated with the agricultural commodities have grown and expanded to cover a broad array of both physical and financial commodities. They now serve vital price discovery and risk management functions that affect the prices that consumers pay for everything from a loaf of bread to gasoline to copper plumbing. They are vital to the functioning of our economy. It is essential that they are properly regulated.

The CFTC has a critical responsibility to protect customers, market integrity and the public while also promoting efficient and internationally competitive futures and derivatives markets. With good reason there has been a great deal of interest in restoring fuller CFTC authority to monitor and take appropriate regulatory action in energy derivatives markets. The farm bill that was enacted last month includes important additional authority regarding the exempt commercial markets (ECM). The new authority requires CFTC to monitor ECM trading of oil, natural gas, and other commodities for contracts that perform significant price discovery functions.

Last week, the CFTC has announced energy market initiatives to expand international surveillance of crude oil trading and to increase transparency of trading in U.S. markets. These are important initiatives that this Committee will follow closely over the coming weeks and months. Faced with record high gasoline prices, every American has a direct interest in the integrity of these markets.

Just yesterday, CFTC announced agricultural market initiatives to review the role of index trading and speculators in the agricultural commodities, to improve market transparency, and to take steps to ensure that farmers have the tools that they need to manage the price risk in times of volatile markets. Over the last year, crop prices have risen dramatically, but producers have not always been able to take advantage of the higher prices because their local grain elevators have not been able to offer forward contracts. The CFTC intends to coordinate with the agricultural lending community to better understand the role of financing in managing price risk.

I look forward to hearing the nominees' statements and answers to our questions. I will now turn to Senator Chambliss for any comments he may have.

Senator Saxby Chambliss
Opening Statement
Nomination Hearing
Commodity Futures Trading Commission
June 4, 2008

I would like to thank Chairman Harkin for holding this very important confirmation hearing. The Commodity Futures Trading Commission has vast responsibilities that require a full Commission and a Chairman with the full backing and support of the United States Senate. Just last month, Congress passed legislation reauthorizing the CFTC and requiring changes to the Commodity Exchange Act. It is now our responsibility to ensure that the CFTC has a completely seated Commission and Chairman in order to properly implement this important legislation.

Walt Lukken has been operating in the capacity of Acting Chairman of the Commodity Futures Trading Commission since last June – almost a year – and has done an outstanding job. Acting Chairman Lukken brings tremendous experience to this position. He previously served, here on the staff of the Agriculture Committee, under Chairman Lugar and was responsible for monitoring these complex issues. Since 2002, he has been serving in the capacity of CFTC Commissioner. In the past year, under Acting Chairman Lukken's leadership, the Commission has provided Congress suggestions on how to ensure that exempt commercial markets are properly regulated, has responded to increased volatility in the agricultural markets, and has sought to ensure that foreign boards of trade are properly monitored through increased information-sharing agreements with international regulators. I am very pleased that President Bush chose to

nominate Commissioner Lukken to this position, and I look forward to this Committee's prompt action to advance the nomination.

Another nominee who is certainly no stranger to the Senate or the Agriculture Committee is Bart Chilton. Welcome back Commissioner Chilton. Since you were sworn in last August, the Commission has been engaged in a number of regulatory endeavors, and I am sure you have been a tremendous asset to those efforts. We look forward to hearing about your experiences at the Commission.

I am also pleased to welcome Scott O'Malia to the Agriculture Committee. The President has wisely chosen an individual with an energy background to serve on the Commission and I know that Mr. O'Malia will bring a wealth of experience. Your expertise will certainly compliment that of Commissioners Dunn, Chilton, Sommers and Acting Chairman Lukken. I believe, once you all are confirmed, that this group will collectively be one of the most diverse set of Commissioners to lead the Commission to date.

Senate Committee on Agriculture
Nutrition and Forestry

Statement of Senator Thad Cochran

June 4th, 2008

Mr. Chairman, thank you for holding this nomination hearing. Due to the current instability of many commodity markets, this particular hearing could not come at a more important time.

I am pleased with the performance of the Commodity Futures Trading Commission in ensuring the vitality of commodity markets. Since the passage of the Commodity Futures Modernization Act and its recent reauthorization in the Farm Bill, trading volume of futures has increased dramatically among all contracts. As a result of the increased participation in these markets, the role of the Commodity Futures Trading Commission to help prevent market disruptions and protect the solvency of commodity markets has become critically important.

One such disruption occurred in March of this year when dramatic movements in the cotton market resulted in significant losses due to triggering of margin calls. Many cotton farmers and marketing cooperatives are dependent on the futures market for hedging crop prices. Hundreds of these farmers and marketing institutions were faced with large financial losses as a result of the margin calls. In addition, grain farmers across the nation are unable to adequately market their commodities because of the instability of the grain markets. For the first time since the 1970's farmers have the opportunity to receive a good price for their crop. It is unfortunate that they will not be able to take advantage of future prices because they don't have the financial resources to enter into a futures contract or grain elevators simply refuse to offer future contracts due to lack of confidence in the market. This is a significant handicap to a farmer's ability to manage an agricultural business.

I am pleased that the Commodity Futures Trading Commission has announced new initiatives to address the concerns which have been raised by agriculture industries. I applaud Commissioner Lukken's leadership for recently hosting a roundtable discussion with agriculture leaders from around the country to discuss the problems within the futures market and consider possible solutions that would provide stability without altering an individual's ability to hedge against market risk.

We should be careful to select well qualified Commissioners and give them the resources they need to carry out their responsibilities. I think the nominees here today will live up to that challenge.

Statement of Senator Charles E. Grassley
CFTC Commissioner and
Chairman Nomination Hearing
June 4, 2008

First off let me congratulate you all on your nominations to be Commissioners and Chairman of the Commodity Futures Trading Commission. However, while I have you here today, I think there are some important questions that need to be answered prior to your confirmations.

Crude oil today is trading nearly twice what it was just a year ago. Yet, many of the factors affecting oil have been largely unchanged.

The weak dollar, little spare production capacity, growing global demands from emerging markets, and political volatility in producing countries all play essentially the same role today as they did a year ago.

The difference today, some argue, is the role of speculators like hedge funds and Wall Street investment banks. Some analysts say as much as a third of the current price for crude oil could be a speculative premium.

On the commodity market side, I continue to hear increased frustration from farmers that grain elevators are taking a major hit on margins in turn can't offer forward contracts for farmers. Now, I farm myself, and this means that I try to forward contract the purchase of input costs, and forward contract the sale of some of my corn and beans to manage my risk.

The problem is that my input costs for fertilizer have and continue to skyrocket, but the availability of long term and in some cases, short term forward contracts are being limited.

We've got these index and hedge funds traders coming in and trading more and more in commodity markets which we haven't seen in the past. They are buying long and prices are naturally increasing.

I'm not necessarily saying we need further regulation. I'm reserving judgment on that. But I do think we need openness and more transparency to give the public the confidence in our markets.

LEADER McCONNELL'S REMARKS ON THE NOMINATION OF SCOTT D. O'MALIA TO BE COMMISSIONER OF THE COMMODITY FUTURES TRADING COMMISSION
June 4, 2008
SR 328-A

Mr. Chairman, Senator Chambliss, my fellow Senators,

I'm honored to introduce Scott D. O'Malia, a friend and former longtime staffer of mine, to be a Commissioner of the Commodity Futures Trading Commission.

After working with Scott for 10 years in my personal office before seeing him off to gain even greater experience in the public and private sectors, I can tell this Committee without a doubt that he is a man of great intellect, dedication and integrity. If confirmed, he will make a great addition to this important independent federal agency.

Scott came to my Senate office in 1991 after graduating from the University of Michigan and working at the Public Securities Administration. As my senior legislative assistant, Scott mastered the issue areas of energy, environment, financial services, taxation and commerce policy, and advised me on these and other concerns.

One particular case that has been of special importance to me throughout my Senate career is the plight of workers at the Paducah, Kentucky, gaseous diffusion plant. Workers at this facility were unknowingly exposed to nuclear contamination while enriching uranium during the Cold War.

Scott devoted himself to helping these Kentuckians for several years, coordinating investigations and hearings into their exposure and devising health screening programs.

In the 10 years he worked in my office, Scott handled all these issues and many more, while supervising other staffers. He became a trusted coworker and friend to many, and we were sorry to see him go in 2001. But he went on to gain the additional experience that makes him a superb candidate to fill the position that brings him before this Committee today.

First in the private sector as the director of federal legislative affairs for the Mirant Corporation, and then as a staffer for the Senate Energy and Natural Resources Committee, Scott received a thorough grounding in energy policies and energy markets.

In his current role as clerk for the Appropriations Subcommittee on Energy and Water Development, he is responsible for drafting appropriations legislation covering energy and environmental issues.

All of these experiences will serve Scott in good stead as a Commissioner of the CFTC. After many years spent making government work on behalf of people, Scott is expertly suited to that agency's task.

I'm very proud of Scott's lifetime of accomplishments and am honored to speak on his behalf here before this Committee. While he has come a great distance since first joining my office over a decade and a half ago, his ability to focus his insight and persistence on any issue he may come across has not changed. That made him a star in my office, and I am sure he will be an exemplary commissioner for the CFTC.

Even prouder of his accomplishments, I am sure, are Scott's lovely wife, Marissa, and his three young daughters Kelsey, Claire and Macey. Macey, the youngest, is 4, Claire is 7, and Kelsey is 9, and I believe Kelsey and Macey have birthdays to celebrate in the next few days.

Scott's parents, John and Bev O'Malia, join us as well. I'm sure this wonderful family is very proud of all that Scott has achieved.

If confirmed, I am sure Scott will become a model commissioner for the CFTC. Originally created in 1974, the CFTC's mission has grown more complicated over time as the world of futures and options markets has grown more complex.

Scott has shown a nimble ability to navigate complex fields. He will scrupulously take care to follow the law, while always being fair. I appreciate this committee's expeditious handling of his nomination, and I look forward to his confirmation. Thank you for allowing me to testify on his behalf.

OPENING STATEMENT
SENATOR JOHN THUNE
SENATE COMMITTEE ON AGRICULTURE NUTRITION AND FORESTRY
NOMINATION HEARING – June 4, 2008
Bart H. Chilton - to be Commissioner of the CFTC
Walter Lukken – to be Chairman of the CFTC
Scott O'Malia – to be Chairman of the CFTC

Chairman Harkin, Ranking Member Chambliss, members of the Committee and Commodity Futures Trading Commission nominees, today's hearing provides the committee an opportunity to obtain information from yet another critical area that impacts not only production agriculture, but domestic and global food prices – commodity futures trading.

Mr. Chairman, this Committee has (nearly) concluded its work on a marathon effort to craft U.S. farm policy for the next five years. During debate of the 2008 Farm Bill, all of us received some criticism because farm prices are at or have reached near record level and critics claim the safety net policies we kept in the farm bill were no longer necessary.

For the record, I'd like to point out that the high commodity prices such as wheat, were reached in the futures markets in February of this year; however, a very small percentage of American farmers were able to capitalize on those record high prices at that time. The reason is because this was long after most of the farmers

who raised wheat had already sold most of their 2007 crops, and because of extreme volatility in the markets and rapidly escalating prices many of the grain elevators which conduct business with the farmers who grow commodity crops exceeded their lines of credit due to margin calls and could forward contract only 60 days ahead.

The point I'm trying to make is that high commodity prices on the futures markets do not necessarily translate to these same high prices being received at the grain elevator by the farmers who grow this grain for a living.

Some blame has been placed on large infusions of cash from index funds into the commodities futures markets for the volatility and artificially high prices in these futures markets. Supply and demand have always been used to describe the commodity market. However, today the word "speculation" is increasingly used to describe the run up in commodity prices.

What my colleagues and I are attempting to determine is whether sufficient appropriate action can and will be taken by the CFTC, or whether the problem needs to be corrected legislatively.

Yesterday, the CFTC announced new initiatives to provide further oversight of futures markets; however, one floor trader commented in the press that "this looks like a ho-hum announcement," and "there's nothing in

these initiatives that I wouldn't expect the CFTC to be doing anyway." I would like to hear from the nominees just how they believe the initiatives announced by the CFTC yesterday will substantively address the perception that the extraordinary influx of index funds into the commodity futures markets is not properly regulated and building a commodity price bubble that would be devastating to all segments of our economy when it burst.

The bottom line for me representing one of the most agricultural states in the nation is that commodity futures trading is tool that farmers cannot operate without, given today's production agriculture climate of record high input prices and weather uncertainties.

Mr. Chairman, in closing I'd like to hear from all three nominees how they intend to ensure as Commissioners of the CFTC, that commodity futures trading will continue to be a tool that can be effectively used for price protection by farmers who actually grow the agriculture commodities.

Statement of Bart Chilton

Before the

United States Senate Committee on Agriculture, Nutrition and Forestry

June 4, 2008

Thank you Chairman Harkin, Senator Chambliss and members of the Committee. It is a pleasure to be with the Committee today. Before I start, I particularly want to thank Senator Harkin for his support, in addition to the other Senators who have expressed their support for my re-nomination. I also want to thank the Majority Leader, Senator Reid, for recommending me to the President and President Bush for nominating me. Finally, I want to thank the majority and minority staff for their assistance during the nominations process.

Knowing of your busy schedules, I am especially appreciative that you have taken the time to conduct this hearing regarding Commodity Futures Trading Commission (CFTC) nominations.

During the time I have been at the Commission, I have used my experience in government to do all that I can do to fulfill the missions of the agency: protecting price discovery; guarding against fraud, abuse and manipulation; and ensuring that these important risk management markets are viable tools -- not just for hedgers and speculators -- but for American consumers.

I am particularly thankful to the Committee, and the Congress, for the reauthorization of the Commodity Exchange Act (CEA) and the important changes regarding energy and forex market oversight. These changes will go a long way to ensuring that we have the tools to carry out our important responsibilities under the Act.

While the traditional agriculture commodities that the exchanges started with, and remained a mainstay until the mid-70's, now account for only about 7% of all trades, these markets remain critical for agriculture. In fact, saying that they are simply "important" would be a tremendous understatement. These agricultural markets are our history and the very reason that this agency exists. Ensuring that they are operated honestly is our mantra, mission and mandate.

While U.S. markets have changed, so have markets outside of our nation. I note here, for the record, that during the past five years, the US derivatives industry has grown three-fold while the rest of the world has doubled. I believe that this growth in the US has been accomplished, in part, by the regulatory environment created as a result of the last reauthorization legislation that provided the agency with a principles-based approach to derivatives regulation. But, while our markets have changed, so has there been growth of international markets that require the CFTC

to work closely with foreign counterparts. We need to do so to ensure that our US regulatory standards are, to the greatest extent practicable, adhered to -- and that we never jeopardize US consumers by sacrificing important transparency, oversight and enforcement.

Should I be re-confirmed, I continue to do all that I can to meet the responsibilities that you have entrusted to me and this important agency.

Thank you again for the opportunity to be with you today. I would be pleased to answer any questions.

Statement of CFTC Acting Chairman Walter Lukken
Senate Committee on Agriculture, Nutrition and Forestry
Confirmation Hearing
June 4, 2008

Mr. Chairman, Senator Chambliss and other distinguished Members, I am honored to address the Senate Agriculture Committee regarding my nomination as Chairman of the Commodity Futures Trading Commission (CFTC). Before I begin, I would like to introduce my wife, Dana, my mother-in-law Denise Bostic and my sister-in-law Diana Bostic. I am also pleased to be here with my Commission colleagues—Commissioners Jill Sommers and Mike Dunn as well as my fellow nominees, Commissioner Bart Chilton and Scott O'Malia.

Since I first appeared before you as a nominee in 2002, the futures markets have changed dramatically in both size and complexity, experiencing five-fold growth in both volume and products listed. Once member-owned and dominated by open-outcry trading, today exchanges are technology-driven corporations that primarily trade electronically 24 hours a day, all around the globe. Add to these significant changes the sub-prime crisis, record commodity prices across-the-board and the large influx of financial funds in futures, and it is clear that these are extraordinary times in the markets. Needless to say, the past year has presented challenges for regulators but also opportunities for advancements in oversight.

In the time since I became Acting Chairman nearly one year ago, the agency has amassed a solid record of accomplishment tackling some of these difficult issues. In my second month in this role, the Commission announced its intention to address the mounting regulatory concerns surrounding exempt markets that trade over-the-counter energy products. The Commission held a public hearing and worked with your Committee to develop legislation providing our agency with additional abilities to oversee exempt commercial markets. These authorities were part of the Farm Bill enacted last month, and the CFTC has begun implementing these important measures into law.

Critically important, the Farm Bill also contained the rest of the CFTC's reauthorization, which had lapsed in 2005. Beyond the energy measures, the bill authorized the agency through 2013, clarified the agency's fraud authority over retail foreign currency transactions, and doubled the agency's penalty authority for manipulation. I applaud the leadership of this Committee for moving this important piece of legislation.

Another major breakthrough this year was the CFTC's agreement with the Securities and Exchange Commission (SEC) that established a regulatory framework for coordinating our respective public missions. In March, Chairman Cox and I signed a memorandum of understanding that will help the agencies share information as well as coordinate our review of novel derivative products. Yesterday, our agencies announced the first products to be approved using this new regulatory framework with the listing of gold ETF products on both OneChicago, a CFTC-regulated exchange and CBOE, an SEC-regulated exchange. This shows that when regulators work together, markets can benefit without compromising the public interest.

During my service, the Commission has been busy on the enforcement front as well. Aggressive enforcement must accompany strong regulatory policies to effectively police the futures markets for manipulation and fraud. The CFTC's Division of Enforcement had another productive year highlighted by the record settlement with British Petroleum for manipulating the propane market, the announced action against Amaranth hedge fund for attempting to manipulate the natural gas market and the Marathon Oil case for attempted manipulation of the crude oil market. The CFTC may be a relatively small federal agency, but we maintain a zero tolerance policy toward anyone who attempts to disrupt these important markets.

Recent concerns with the functioning of the agricultural futures markets led the Commission to convene a public hearing on April 22nd at our Washington D.C. headquarters. Yesterday, the Commission announced several initiatives derived from its agricultural roundtable, including the public disclosure of an on-going cotton investigation surrounding the March price run-up, the review of whether index traders

are being properly classified for regulatory and reporting purposes, the official withdrawal of two proposals regarding increasing speculative participation in the agricultural markets, and the development of additional risk management products for producers, including agricultural trade options and cleared agricultural swaps.

This comes on the heels of last week's announcement of our national crude oil investigation and several other energy initiatives, including a new agreement with the U.K. Financial Services Authority to expand the data received from institutions trading crude oil products across borders. The CFTC also announced that it will use its authorities to receive more detailed data from energy market participants on the amount of index money coming into the markets and whether these funds are properly classified for regulatory purposes.

If this sounds busy, it is. Especially given that the agency's staffing levels are near record low numbers. Since the CFTC opened its doors 33 years ago, the volume on futures exchanges has grown 8,000 percent while the CFTC's staffing numbers have fallen 12 percent.

Mr. Chairman, this is a small agency doing an extraordinary job under difficult circumstances. I am fortunate to work everyday with a group of dedicated and skilled individuals at the CFTC. Without a doubt, these are some of the hardest working and most productive people I know.

Should this Committee and the Senate vote to confirm me as Chairman, I pledge to serve to the best of my abilities as this agency's steward and work with my Commission colleagues as we strive to ensure that these markets are meeting their price discovery and risk management roles free of manipulation and market abuse. There are challenging days ahead of us but I look forward to working with this Committee and Congress on finding the right solutions.

Thank you for this opportunity and I look forward to your questions.

STATEMENT OF SCOTT D. O'MALIA
Before the
United States Senate Committee on Agriculture, Nutrition and Forestry
June 4, 2008

Thank you Chairman Harkin, Ranking Member Chambliss and members of the Committee. I am grateful for the opportunity to appear before you as the President's nominee to serve as a Commissioner to the Commodity Futures Trading Commission (CFTC). I appreciate the Committee holding this nomination hearing, and I would like to thank Senator Domenici for his support and willingness to introduce me to the Committee. Being a Michigan native, I would also like to thank Senator Stabenow for her support.

I would like to introduce my family. I am joined by my wife, Marissa and three daughters Kelsey, Claire and Macey. I would also like thank my parents, John and Bev O'Malia, for driving from Michigan to join me here today. I thank them for their support and guidance. Growing up on a small farm in Michigan, my parents taught me the value of hard work and persistence. I would not have this opportunity today if it were not for the support of my wonderful family.

After graduating from the University of Michigan in 1990, I came to Washington and found my first job with the Public Securities Association, a trade association serving Wall Street and Main Street banks with interest in bonds and municipal finance.

I was then offered a position in Senator McConnell's office where I worked for nine years on a wide range of energy issues, including legislation that fought for lower and more transparent electricity rates for Kentucky ratepayers. My energy experience continued when I went to work in the private sector for two years with Mirant, an Atlanta-based independent electricity company. It was during this period that I learned first hand the devastating impacts a flawed market design can have on consumers and markets. The Enron debacle opened my eyes to the very serious consequences of poorly designed markets and inadequate oversight.

As investors and the credit rating agencies lost confidence in this sector, it forced the industry to reevaluate its own risk management controls. During this time, I worked to help establish the Committee of Chief Risk Officers. This organization developed industry best practices to put an end to the manipulative trading behavior deployed by Enron and others.

While the development of these new standards was a necessary exercise to restore discipline to the energy trading sector, I strongly believe that regulators are critical in ensuring that markets operate in a fair and transparent manner. To achieve this, regulators must be provided with the appropriate authority and tools to respond to the constant evolution of market behavior and products. To this

end, I compliment the Committee for its work in passing new authorities for the CFTC to expand its authority over contracts trading on Exempt Commercial Markets that serve as a significant price discovery role.

In 2003, Chairman Domenici offered me a job as professional staff on the Senate Energy and Natural Resources Committee handling oil, natural gas and coal markets as well as the futures markets. In developing the 2003 Energy bill, I worked extensively with the Senate Agriculture staff to ensure this Committee's jurisdiction over futures markets was preserved.

In 2004, I became the Clerk of the Senate Energy and Water Development Subcommittee, with funding responsibility for the Department of Energy, Army Corps of Engineers and the Federal Energy Regulatory Commission among others. For the past four years, I have worked in a bipartisan fashion on annual appropriations bills that facilitate the deployment of advanced energy technologies to reduce our reliance on foreign energy sources.

Drawing on my extensive energy background, I believe I can make a significant contribution to the market oversight responsibilities of the Commission. If confirmed, I will work to ensure the CFTC uses all of its legal authorities to guarantee that markets operate in a fair and completely transparent manner. These markets must continue to serve as a price discovery and a risk management tool for all participants. It is also imperative the Commission continues to stand firm against abusive trading practices, including fraud and manipulation.

I will work with the experienced staff and the other Commissioners to implement the new legal authorities Congress has provided the Commission as part of the 2008 Farm Bill. I will also support the cooperative enforcement agreements with the Securities and Exchange Commission and Federal Energy Regulatory Commission to guarantee that the agencies treat companies fairly and consistently protect consumers.

In closing, I would like to thank the Committee for holding this hearing and considering my nomination. It would be an honor and a privilege for me to serve the American people in this capacity.

Mr. Chairman, that concludes my statement and I would be pleased to answer any questions. Thank you.

DOCUMENTS SUBMITTED FOR THE RECORD

JUNE 4, 2008

BIOGRAPHICAL INFORMATION (PUBLIC)

1. Full name (include any former names used).

   Bart Hamilton Chilton, Bartholomew Chilton

2. Date and place of birth.

   May 1, 1960 -- Wilmington, Delaware, USA

3. Marital Status (include maiden name of wife or husband's name). List spouse's occupation, employer's name and business address(es).

Spouse:	Sherry Chilton (formerly, Sherry Daggett)
Occupation:	Management Executive
Employer Info:	Ernst & Young, LLP 5 Times Square New York, New York 10036

4. Education: List each college and graduate or professional school you have attended, including dates of attendance, degrees received, and dates degrees were granted.

   Purdue University 1979-1982.

5. Employment Record: List (by year) all business or professional corporations, companies, firms, or other enterprises, partnerships, institutions and organizations, nonprofit or otherwise, including farms, with which you were connected as an officer, director, partner, proprietor, or employee since graduation from college; include a title and brief job description.

1983	City of Fort Wayne, Indiana	Aide to the Mayor
1983-84	Mondale for President	Field Organizer
1985-86	U.S. Hse. of Reps. Hon. Terry Bruce	Legislative Assistant
1987-89	U.S. Hse. of Reps. Hon. Jim Jontz	Legislative Director
1989-94	U.S. Hse. of Reps. Hon. Jill Long	Legislative Director
1995	U.S. Hse. of Reps. Hon. Earl Pomeroy	Legislative Director
1995-1999	U.S. Dept. of Agriculture	Policy Dir. Rural Dev.
1999-2001	U.S. Dept. of Agriculture	Deputy Chief of Staff
2001	Bion Environmental Technologies	Vice President

2001-05	U.S. Senate Hon. Tom Daschle	Sen. Policy Advisor
2005-06	U.S. Farm Credit Administration	Assistant to the Board
2006-07	National Farmers Union	Chief of Staff/VP Govt.
2006-07	Association of Family Farms	Board Member/Treasurer
2006-07	Bion Environmental Technologies	Board Member
2007-08	Commodity Futures Trading Commission	Commissioner

6. Military Service: Have you had any military service? If so, give particulars, including the dates, branch of service, rank or rate, serial number and type of discharge received.

   No.

7. Government Service: State (chronologically) your government service or public offices you have held, including the terms of service grade levels and whether such positions were elected or appointed.

1985-86	U.S. Hse. of Reps. Hon. Terry Bruce	Salaried Employee
1987-89	U.S. Hse. of Reps. Hon. Jim Jontz	Salaried Employee
1989-94	U.S. Hse. of Reps. Hon. Jill Long	Salaried Employee
1995	U.S. Hse. of Reps. Hon. Earl Pomeroy	Salaried Employee
1995-1999	U.S. Dept. of Agriculture	Schedule C (GS-15)
1999-2001	U.S. Dept. of Agriculture	Senior Executive Service
2001-05	U.S. Senate Hon. Tom Daschle	Salaried Employee
2005-06	U.S. Farm Credit Administration	Schedule C
2007-08	Commodity Futures Trading Commission	Commissioner

8. Honors and Awards: List any scholarships, fellowships, honorary degrees, and honorary society memberships that you received and believe would be of interest to the Committee.

   None.

9. Political Affiliation: The statute creating the Commodity Futures Trading Commission requires that no more than three members be from the same political party. List your current political party registration or affiliation.

   Democrat.

10. Other Memberships: List all organizations to which you belong, excluding religious organizations.

    Columbia Beach Citizens Improvement Association
    National Farmers Union

1. Published Writings: List the titles, publishers, and dates of books, articles, reports, or other published materials (including published speeches) you have written. Please include on this list published materials on which you are listed as the principal editor. It would be helpful to the Committee if you could provide one copy of all published material that may not be readily available. Also, to the maximum extent practicable, please supply a copy of all unpublished speeches you made during the past five years on issues involving agriculture, nutrition, forestry or commodity futures policy or related matters.

April 29, 2008 -- Speech, "Wicked Awesome" Financial Regulation, National Futures Association

April 22, 2008 -- Statement, "Heartburn in the Heartland", Agricultural Markets Roundtable

April 21, 2008 -- Speech, "The Ancient Art of Glassmaking", Future and Options Association

April 16, 2008 – Statement regarding the President's Remarks on Climate Change

April 15, 2008 -- Remarks, "We Can Do Better", Commodity Futures Trading Commission

April 10, 2008 -- Remarks, "It's Not Easy Being Green … Markets, in the US", Carbon Roundtable

March 30, 2008 -- Statement on Treasury Blueprint

March 28, 2008 -- Statement regarding Secretary Paulson's Treasury Department Blueprint on Regulatory Reform

March 17, 2008 – Statement regarding NYMEX Emissions Trading

March 11, 2008 – Statement Regarding CFTC-SEC Cooperation

February 27, 2008 – Remarks, "Properties of Bamboo", Futures Industry Association of Asia

February 8, 2008 – Speech, CFTC's 'American Idols': Reality Regulation, Commodity Markets Council

December 6, 2007 – Remarks, Agricultural Advisory Committee Meeting

November 29, 2007 – Remarks, Current Issues with SEC; Exempt Commercial Market Regulation, Washington Regulators Panel, Futures Industry Association Expo

November 13, 2007 – Speech, Let's Not "Dial M for Merger": CFTC's Principles-Based Regulation – A Success Story, Futures Industry Association, Chicago Law & Compliance Lunch

November 6, 2007 – Speech, CFTC and Energy Markets: The Cop on the Beat – Protecting Consumers, American Public Gas Association

October 16, 2007 – Speech, Futures Industry Association, Law and Compliance Luncheon, Futures Industry Association, New York Law and Compliance Luncheon

September 18, 2007 Remarks, CFTC Hearing to Examine Trading on Regulated Exchanges and Exempt Commercial Markets

12. Health: What is the present state of your health?

Good.

FINANCIAL DATA AND CONFLICT OF INTEREST (PUBLIC)

1. Have you severed all connections with your immediate past private sector employers, business firms, associations, and/or organizations?

   Yes.

2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services, firm memberships, former employers, clients, or customers.

   None.

3. Do you, or does any partnership or closely held corporation in which you have an interest, own or operate a farm or ranch? (If yes, please give a brief description including location, size and type of operation.)

   No.

4. Have you, or any partnership or closely held corporation in which you have an interest, ever participated in Federal commodity price support programs? (If yes, provide all details including amounts of direct government payments and loans received or forfeited by crop and farm, etc. during the past five years.)

   No.

5. Have you, or any partnership or closely held corporation in which you have an interest, ever received a direct or guaranteed loan from or cosigned a note to the Rural Business-Cooperative Service, Rural Housing Service, the Rural Utilities Service or their predecessor agencies, the Farmers Home Administration, the Rural Development Administration, the Rural Housing and Cooperative Development Service or the Rural Electrification Administration? (If yes, give details of any such loan activity during the past 5 years.)

   No.

6. Have you, or any partnership or closely held corporation in which you have an interest, ever received payments for crop losses from the Federal Crop Insurance program? (If yes, give details.)

   No.

7. If confirmed, do you have any plans, commitments, or agreements to pursue outside employment or engage in any business or vocation, with or without compensation, during your service with the government? (If so, explain.)

   No.

8. Do you have any plans to resume employment, affiliation, or practice with your previous employers, business firms, associations, or organizations after completing government service? (If yes, give details.)

   No.

9. Has anyone made a commitment to employ you or retain your services in any capacity after you leave government service? (If yes, please specify.)

   No.

10. Identify all investments, obligations, liabilities, or other relationships which involve potential conflicts of interest in the position to which you have been nominated.

    None.

11. Have you ever received a government guaranteed student loan? If so, has it been repaid?

    Yes. Yes.

12. If confirmed, explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items.

    I have listed the steps that I took after my confirmation last august and any continuing steps to be taken in a letter to the Designated Ethics Official within the Office of the General Counsel at the CFTC. A copy of that letter is attached for your further information.

United States
Office of Government Ethics
1201 New York Avenue, NW., Suite 500
Washington, DC 20005-3917

April 11, 2008

The Honorable Tom Harkin
Chairman
Committee on Agriculture, Nutrition,
and Forestry
United States Senate
Washington, DC 20510-6000

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Bart H. Chilton, who has been nominated by President Bush for the position of Commissioner, Commodity Futures Trading Commission.

We have reviewed the report and have also obtained advice from the Commodity Futures Trading Commission concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is a letter dated April 10, 2008, from Mr. Chilton to the agency's ethics official, outlining the steps Mr. Chilton will take to avoid conflicts of interest. Unless a specific date has been agreed to, the nominee must fully comply within three months of his confirmation date with any action he agreed to take in his ethics agreement.

Based thereon, we believe that Mr. Chilton is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Robert I. Cusick
Director

Enclosures

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U.S. U. e of Government Ethics

Executive Branch Personnel PU IC FINANCIAL DISCLOSURE REPORT

F pproved:
(3. 3209 - 0001

Date of Appointment, Candidacy, Election, or Nomination *(Month, Day, Year)*	Reporting Status (Check Appropriate Boxes)	Incumbent ☐	Calendar Year Covered by Report	New Entrant, Nominee, or Candidate ☒	Termination Filer ☐ Termination Date *(If Applicable) (Month, Day, Year)*
Reporting Individual's Name	Last Name: Chilton			First Name and Middle Initial: Bart H	
Position for Which Filing	Title of Position: Commissioner			Department or Agency *(If Applicable)*: CFTC	
Location of Present Office (or forwarding address)	Address *(Number, Street, City, State, and ZIP Code)*: 3 Lafayette Centre, 1155 21st St., NW, Washington, DC 20581			Telephone No. *(Include Area Code)*: 202-418-5060	
Position(s) Held with the Federal Government During the Preceding 12 Months *(If Not Same as Above)*	Title of Position(s) and Date(s) Held: Commissioner, CFTC (Aug. 14, 2007 - Present)				
Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination: Committee on Agriculture, Nutrition and Forestry			Do You Intend to Create a Qualified Diversified Trust? ☐ Yes ☒ No	
Certification: I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge.	Signature of Reporting Individual			Date *(Month, Day, Year)*: 4/4/08	
Other Review (If desired by agency)	Signature of Other Reviewer			Date *(Month, Day, Year)*: 04/04/2008	
Agency Ethics Official's Opinion: On the basis of information contained in this report, I conclude that the filer is in compliance with applicable laws and regulations (subject to any comments in the box below).	Signature of Designated Agency Ethics Official/Reviewing Official			Date *(Month, Day, Year)*: 4.8.08	
Office of Government Ethics Use Only	Signature			Date *(Month, Day, Year)*: 4/11/08	

Comments of Reviewing Officials *(If additional space is required, use the reverse side of this sheet)*

(Check box if filing extension granted & indicate number of days _____) ☐

(Check box if comments are continued on the reverse side) ☐

Fee for Late Filing
Any individual who is required to file this report and does so more than 30 days after the date the report is required to be filed, or, if an extension is granted, more than 30 days after the last day of the filing extension period, shall be subject to a $200 fee.

Reporting Periods
Incumbents: The reporting period is the preceding calendar year except Part II of Schedule C and Part I of Schedule D where you must also include the filing year up to the date you file. Part II of Schedule D is not applicable.

Termination Filers: The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination. Part II of Schedule D is not applicable.

Nominees, New Entrants and Candidates for President and Vice President:

Schedule A--The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets as of any date you choose that is within 31 days of the date of filing.

Schedule B--Not applicable.

Schedule C, Part I (Liabilities)--The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.

Schedule C, Part II (Agreements or Arrangements)--Show any agreements or arrangements as of the date of filing.

Schedule D--The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

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Reporting Individual's Name
Chilton, Bart H

SCHEDULE A

Page Number
2 of

Assets and Income — BLOCK A

For you, your spouse, and dependent children, report each asset held for investment or the production of income which had a fair market value exceeding $1,000 at the close of the reporting period, or which generated more than $200 in income during the reporting period, together with such income.

For yourself, also report the source and actual amount of earned income exceeding $200 (other than from the U.S. Government). For your spouse, report the source but not the amount of earned income of more than $1,000 (except report the actual amount of any honoraria over $200 of your spouse).

None ☐

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

	Assets and Income	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
Examples	Central Airlines Common				x												x						x										
	Doe Jones & Smith, Hometown, State			x																												Law Partnership Income $130,000	
	Kempstone Equity Fund					x								x										x									
	IRA: Heartland 500 Index Fund							x						x											x								
1	Farmers Educational & Coop. Union of America (Salary)																															116,206.74	
2	Agraria, LLP (Restaurant) Washington Harbour Center, Wash., D.C.		x														x				x												
3	Janus Fund		x											x								x											
4	AGG -ISHARE Lehman US Aggregate Bond				x									x										x									
5	EEM - ISHARE MSC Emer. Mkts Index				x									x								x											
6	EFA-ISHARE EAFE Index					x								X										x									

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

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Reporting Individual's Name: Chilton, Bart H

SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	IWD-ISHARE Russell 1000 Value Index					x								x										x									
2	ISHARE Russell 1000 Growth Index					x								x										x									
3	ISHARE Russell 2000 Growth Value		x											x								x											
4	ISHARE Russell 2000 Growth Index		x											x								x											
5	Farmers Edu. & Coop. Union of America 401k Savings&Invest. (see below)																																
6	-- Maxim Agressive Profile II		x											x							x												
7	-- Oppenheimer Global A		x											x							x												
8	-- Maxim Ariel Small -Cap Value		x											x							x												
9																																	

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

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Reporting Individual's Name: CHILTON, BART H.

SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

#	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	Farmers Edu. & Coop. Union of Am401(k) Savings & Investment(see below)																																
2	-- Fidelity Advisor Mid Cap T		x											x							x												
3	--Maxim T. Rowe Price Equity Income		x											x							x												
4	--Oppenheimer Capital Appreciation A		x											x							x												
5	--PIMCO Total Return Admin		x											x							x												
6	--Guaranteed Portfolio Fund		x											x							x												
7	Ernst & Young, LLP																															spouse salary	
8	Smith Barney S & P 500 Index		x											x								x											
9	Ernst & Young, LLP 401(k) --Fidelity Magellan (LCG)			x										x								x											

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

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Reporting Individual's Name: CHILTON, BART H.

SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	Amount: $201 - $1,000	Amount: $1,001 - $2,500	Amount: $2,501 - $5,000	Amount: $5,001 - $15,000	Amount: $15,001 - $50,000	Amount: $50,001 - $100,000	Amount: $100,001 - $1,000,000	Amount: Over $1,000,000*	Amount: $1,000,001 - $5,000,000	Amount: Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	Ernst & young, LLP--401(k) --Fidelity Low Price (MCV)			x										x								x											
2	Ernst & Young, LLP --401(k) -- Fidelity Balance			x										x								x											
3	Ernst & Young, LLP --401(k) --Dodge & Cox Stock (DODGX)			x										x								x											
4	Ernst & Young, LLP --401(k) --AF Europac Growth R5 (Int'l)			x										x								x											
5	RiverSource New Dimensions			x										x								x											
6	RiverSource Large Cap Equity			x										x								x											
7	RiverSource Diversified Bond A		x											x							x												
8	RiverSource High Yield Bond		x											x								x											
9	PEUGX--Putnam Europe Equity		x											x							x												

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

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Reporting Individual's Name: CHILTON, BART H.

SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

#	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	POVSX -- Putnam Int'l Equity			x										x								x											
2	PGRWX -- Putnam Growth & Income		x											x								x											
3	PVISX -- Putnam Visa		x											x							x												
4	PSLAX -- Putnam Small Cap Value		x											x								x											
5	Ernst & Young, LLP --401(k) --AF EuroPac Growth R%		x											x							x												
6	Ernst & Young, LLP -- 401(K) --Managers Freemont Bond		x											x							x												
7																																	
8																																	
9																																	

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

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Reporting Individual's Name: Chilton, Bart H

SCHEDULE C

Part I: Liabilities

Report liabilities over $10,000 owed to any one creditor at **any time** during the reporting period by you, your spouse, or dependent children. Check the highest amount owed during the reporting period. **Exclude** a mortgage on your personal residence unless it is rented out; loans secured by automobiles, household furniture or appliances; and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

None [x]

	Creditors (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value (x): $10,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000
Examples	First District Bank, Washington, DC	Mortgage on rental property, Delaware	1991	8%	25 yrs.			x								
	John Jones, 123 J St., Washington, DC	Promissory note	1999	10%	on demand					x						
1																
2																
3																
4																
5																

*This category applies only if the liability is solely that of the filer's spouse or dependent children. If the liability is that of the filer or a joint liability of the filer with the spouse or dependent children, mark the other higher categories, as appropriate.

Part II: Agreements or Arrangements

Report your agreements or arrangements for: (1) continuing participation in an employee benefit plan (e.g. pension, 401k, deferred compensation); (2) continuation of payment by a former employer (including severance payments); (3) leaves of absence; and (4) future employment. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

None [ ]

	Status and Terms of any Agreement or Arrangement	Parties	Date
Example	Pursuant to partnership agreement, will receive lump sum payment of capital account & partnership share calculated on service performed through 1/00.	Doe Jones & Smith, Hometown, State	7/85
1	401(K) no further contributions from employer after separation	Farmers Educational & Cooperative Union of America	6/06
2			
3			
4			
5			
6			

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Reporting Individual's Name	SCHEDULE D	Page Number
Chilton, Bart H		8 of 8

Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. **Exclude** positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None ☐

	Organization *(Name and Address)*	Type of Organization	Position Held	From *(Mo., Yr.)*	To *(Mo., Yr.)*
Examples	Nat'l Assn. of Rock Collectors, NY, NY	Non-profit education	President	6/92	Present
	Doe Jones & Smith, Hometown, State	Law firm	Partner	7/85	1/00
1	Farmers Educational & Cooperative Union of America	Non-Profit Trade Association	Chief of Staff	06/2006	08/2007
2	Association of Family Farms	501(c)(3)	Director/Officer	10/2006	08/2007
3	Bion Environmental Technologies	For Profit Company	Director	10/2006	08/2007
4					
5					
6					

Part II: Compensation in Excess of $5,000 Paid by One Source

Do not complete this part if you are an Incumbent, Termination Filer, or Vice Presidential or Presidential Candidate.

Report sources of more than $5,000 compensation received by you or your business affiliation for services provided directly by you during any one year of the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any other non-profit organization when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

None ☐

	Source *(Name and Address)*	Brief Description of Duties
Examples	Doe Jones & Smith, Hometown, State	Legal services
	Metro University (client of Doe Jones & Smith), Moneytown, State	Legal services in connection with university construction
1	Farmers Educational & Cooperative Union of America	Salary for full-time position (Chief of Staff)
2		
3		
4		
5		
6		

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April 10, 2008

Mr. John P. Dolan
Counsel and
Alternate Designated Ethics Official
Office of the General Counsel
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Dear Mr. Dolan:

This letter describes the steps I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed for the position of Commissioner for the Commodity Futures Trading Commission ("CFTC").

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any other person whose interests are imputed to me, unless I first obtain a written waiver pursuant to section 208(b)(1) or qualify for a regulatory exemption pursuant to section 208(b)(2). I understand that the interests of the following persons are imputed to me: my spouse and minor children; any general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

I resigned from my position as Chief of Staff of the Farmers Educational & Cooperative Union of America (otherwise known as the National Farmers Union, or NFU) on August 8, 2007. For a period of one year after the termination date of my employment with NFU, I will not participate personally and substantially in any particular matter involving specific parties in which NFU is a party or represents a party, unless I am first authorized to participate under 5 C.F.R. § 2635.502(d).

Pursuant to 5 C.F.R. 2635.502, I acknowledge that I have a "covered relationship" with NFU and also with any entity for which I have served as an agent or consultant within the past year.

I resigned my position as a member of the Board of Directors of Bion Environmental Technologies, Inc. on August 21, 2007. For a period of one year after my resignation, I will not participate personally and substantially in any particular matter involving specific parties, in which this organization is a party or represents a party, unless I am first authorized to participate under 5 C.F.R.§ 2635.502 (d).

I also resigned my position as a member of the Board of Directors of the Association of Family Farms on August 21, 2007. For a period of one year after my resignation, I will not participate personally and substantially in any particular matter involving specific parties, in which this organization is a party or represents a party, unless I am first authorized to participate under 5 C.F.R.§ 2635.502 (d).

If confirmed, to avoid any appearance of partiality, I will not within one year from August 1, 2007, participate in a particular CFTC matter -- including consideration of a particular CFTC regulation or the CFTC's position on proposed legislation -- if I have previously, within three years prior to August 1, 2007, represented to the federal government on behalf of any private party, including NFU or its members, with respect to that same particular matter.

Sincerely,

Bart H. Chilton

U.S. Commodity Futures Trading Commission
Three Lafayette Centre, 1155 21st Street, NW, Washington, DC 20581
www.cftc.gov

Bart Chilton
Commissioner

(202) 418-5060
(202) 418-5620 Facsimile
bchilton@cftc.gov

June 3, 2008

The Honorable Tom Harkin
731 Hart Senate Office Building
United States Senate
Washington, D.C. 20510-1502

Dear Chairman Harkin:

This is to confirm that, as of this date, there have been several changes to my previously submitted SF-278 Public Financial Disclosure Report, dated April 8, 2008.

First, part I, Liabilities (page 7) should reflect a recently incurred car loan in the amount of $30,411 with the Congressional Federal Credit Union. The interest rate on the five-year loan is 4.2%, and the monthly payments are $568.

Second, page 2, line 3, Assets and Income, the Janus Fund along with the NFU pension fund on page 3, lines 5-8 and page 4, lines 1-6, respectively, should be reflected as $0. At the time of this filing, these funds had been rolled-over to other items within the SF-278.

Third, the ISHARE Russell 2000 Growth Value on page 3, line 3, and the Russell 2000 Growth Index, line 4, respectively, should be categorized in the valuation column $15,001-$50,000.

Finally, my assets include, and should be reflected on the SF-278 as an asset, a Dryfus Money Market account in the amount of $9,438, a Congressional Federal Credit Union account with $548, a US Senate FCU account with $5,000, and my wife's US Senate FCU with $10,005.

Sincerely,

Bart Chilton

BIOGRAPHICAL INFORMATION (PUBLIC)

1. Full name (include any former names used).

   Walter Lewis Lukken

2. Date and place of birth.

   March 23, 1967; LaGrange, Illinois.

3. Marital Status (include maiden name of wife or husband's name). List spouse's occupation, employer's name and business address(es).

   Dana Bostic Lukken, stay-at-home mother, self-employed part-time meeting scheduler.

4. Education: List each college and graduate or professional school you have attended, including dates of attendance, degrees received, and dates degrees were granted.

   Indiana University; 1985-1989; BS in finance; May 1989.
   Lewis and Clark Law School; 1989-1992; JD; May 1992.

5. Employment Record: List (by year) all business or professional corporations, companies, firms, or other enterprises, partnerships, institutions and organizations, nonprofit or otherwise, including farms, with which you were connected as an officer, director, partner, proprietor, or employee since graduation from college; include a title and brief job description.

   6/2007 to present: Acting Chairman, Commodity Futures Trading Commission.

   8/2002 to 6/2007: Commissioner, Commodity Futures Trading Commission.

   10/1998 to 8/2002: U.S. Senate Agriculture Committee; professional staff member covering futures markets and agricultural banking and tax issues.

   10/1993 to 10/1998: Office of Senator Richard Lugar; Legislative Assistant on tax and financial issues.

   10/1992 to 10/1993: The Martec Group; Telemarketer for medical industry; Interviewed healthcare professionals concerning healthcare products.

1/1992 to 5/1992: Oregon Department of Justice-Charitable Activities Division; part-time law clerk.

05/1991 to 09/1991: U.S. Department of Justice-Tax Division; honors intern for Appellate and Civil Trial Eastern Sections.

05/1990 to 09/1990: Office of Senator Richard Lugar; summer intern.

6. Military Service: Have you had any military service? If so, give particulars, including the dates, branch of service, rank or rate, serial number and type of discharge received.

No.

7. Government Service: State (chronologically) your government service or public offices you have held, including the terms of service grade levels and whether such positions were elected or appointed.

6/2007 to present: Acting Chairman, Commodity Futures Trading Commission, Presidential appointment.

8/2002 to 6/2007: Commissioner, Commodity Futures Trading Commission, Presidential appointment.

10/1998 to 8/2002: U.S. Senate Agriculture Committee; professional staff member covering futures markets and agricultural banking and tax issues.

10/1993 to 10/1998: Office of Senator Richard Lugar; Legislative Assistant on tax and financial issues.

1/1992 to 5/1992: Oregon Department of Justice-Charitable Activities Division; part-time law clerk.

05/1991 to 09/1991: U.S. Department of Justice-Tax Division; honors intern for Appellate and Civil Trial Eastern Sections.

05/1990 to 09/1990: Office of Senator Richard Lugar; summer intern.

8. Honors and Awards: List any scholarships, fellowships, honorary degrees, and honorary society memberships that you received and believe would be of interest to the Committee.

None.

9. Political Affiliation: The statute creating the Commodity Futures Trading

Commission requires that no more than three members be from the same political party. List your current political party registration or affiliation.

Republican.

10. Other Memberships: List all organizations to which you belong, excluding religious organizations.

Illinois Bar Association
American Diabetes Association

11. Published Writings: List the titles, publishers, and dates of books, articles, reports, or other published materials (including published speeches) you have written. Please include on this list published materials on which you are listed as the principal editor. It would be helpful to the Committee if you could provide one copy of all published material that may not be readily available. Also, to the maximum extent practicable, please supply a copy of all unpublished speeches you made during the past five years on issues involving agriculture, nutrition, forestry or commodity futures policy or related matters.

Written Testimony by Acting Chairman Walter L. Lukken, Commodity Futures Trading Commission before the U.S. Senate, Subcommittee on Financial Services and General Government Committee on Appropriations, May 7, 2008.

Oral Testimony by Acting Chairman Walter L. Lukken, Commodity Futures Trading Commission Before the U.S. Senate, Subcommittee on Financial Services and General Government Committee on Appropriations, May 7, 2008.

Speech by Acting Chairman Walter Lukken, Building Regulatory Networks, Futures Industry Association Annual Conference, March 13, 2008.

Opening Remarks of Acting Chairman Walter Lukken From Press Conference Regarding the CFTC-SEC Memorandum of Understanding, U.S. Securities and Exchange Commission Headquarters, March 11, 2008.

Keynote Address by Acting Chairman Walt Lukken at the Hofstra University Forex Symposium, Journal of International Business and Law, February 8, 2008.

Speech by CFTC Acting Chairman Walt Lukken on Changing Market Behavior through Acceptable Practices, ABA Committee on the Regulation of Futures and Derivative Instruments, February 1, 2008.

Speech by Acting CFTC Chairman Walter Lukken on Compliance and Enforcement in Energy Markets-- The CFTC Perspective at the FERC Compliance Summit, FERC Compliance Summit, January 18, 2008.

Written Testimony by Acting Chairman Walter Lukken before the Subcommittee on Oversight and Investigations, Committee on Energy and Commerce, U.S. House of Representatives, December 12, 2007.

Opening Statement by Acting CFTC Chairman Walter Lukken Before the Subcommittee on Oversight and Investigations, Committee on Energy and Commerce, U. S. House of Representatives, December 12, 2007.

Speech by Acting Chairman Walter Lukken: Walk Softly and Carry a Big Stick, International Swaps and Derivatives Association Energy, Commodities and Developing Products Conference, November 29, 2007.

Speech by Acting Chairman Walter Lukken on The Keys to Smart Regulation, Futures Industry Association Expo 2007, November 27, 2007.

Testimony of Acting Chairman Walter Lukken Before the Subcommittee on General Farm Commodities and Risk Management, Committee on Agriculture, U.S. House of Representatives, October 24, 2007.

Remarks by Acting Chairman Walter Lukken on Hearing to Examine Trading on Regulated Exchanges and Exempt Commercial Markets, Commodity Futures Trading Commission Headquarters, September 18, 2007.

Written Testimony of Acting Chairman Walter Lukken before the Permanent Subcommittee on General Farm Commodities and Risk Management, Committee on Agriculture, U.S. House of Representatives, July 12, 2007.

Written Testimony of Acting Chairman Walter Lukken before the Permanent Subcommittee on Investigations Committee on Homeland Security and Governmental Affairs, U.S. Senate, July 9, 2007.

Remarks by Commissioner Walter Lukken before the Federation of European Securities Commissions, Brussels, Belgium, Federation of European Securities Commissions; Brussels, Belgium, June 26, 2007

Keynote Address by Commissioner Walter Lukken: National Futures Association Workshop on CPOs and CTAs, National Futures Association Workshop on Commodity Pool Operators (CPOs) and Commodity Trading Advisors (CTAs), May 3, 2007.

Keynote Address by Commissioner Walter Lukken: It's a Matter of Principles, University of Houston Global Energy Management Institutes' 5th Annual Trading and Marketing Conference, January 25, 2007.

Remarks by Commissioner Walter Lukken: National Futures Association's CPO/CTA Workshop, National Futures Association's Workshop on Commodity Pool Operators (CPOs) and Commodity Trading Advisors (CTAs), October 24, 2006.

Opening Remarks by Commissioner Walter Lukken: Hearing on Boards of Trade Located Outside the U.S., CFTC's Public Hearing on Foreign Boards of Trade, June 27, 2006.

Speech by Commissioner Walter Lukken: The Derivatives World is Flat, ISDA Energy, Commodities and Developing Products Conference, June 14, 2006.

Written Testimony by Commissioner Walter Lukken: U.S. House of Representatives, Committee on Agriculture, U.S. House of Representatives, April 27, 2006.

Oral Statement by Commissioner Walter Lukken: U.S. House of Representatives, Committee on Agriculture, U.S. House of Representatives, April 27, 2006.

Opening Remarks by Commissioner Walter Lukken: Self-Regulation in the U.S. Futures Industry, Hearing on Self-Regulation in the U.S. Futures Industry, February 15, 2006.

Remarks by Commissioner Walter Lukken: Global Markets Roundtable, Global Markets Roundtable, December 13, 2005.

Keynote Address by Commissioner Walter Lukken: China Financial Derivatives Forum, China Financial Derivatives Forum Panel Discussion; Shanghai, China, September 26, 2005.

Remarks of Commissioner Walter L. Lukken before the CFTC Commodity Pool Roundtable, Washington, D.C., April 6, 2005.

Remarks of Commissioner Walter L. Lukken before the Intellectual Property Panel at FIA Expo, Chicago, Illinois, October 26, 2004.

Article by Commissioner Walter L. Lukken, "Reauthorization: Let the Debate Begin," published in the fall 2004 issue of Futures & Derivatives Law Report, September 2004.

Remarks of Commissioner Walter L. Lukken before the Swiss Futures and Options Association Conference, Burgenstock, Switzerland, September 9, 2004.

Remarks of Commissioner Walter L. Lukken before the Futures Industry Association's Annual Conference, Panel on Market Structure and Self-Regulation, Boca Raton, Florida, March 18, 2004.

Derivative Contracts and their Regulation by CFTC Commissioner Walt Lukken and Jim Overdahl; Financial Product Fundamentals; Practicing Law Institute; February 2004.

Statement of Commissioner Walter L. Lukken before the USFE Designation Hearing, Washington, D.C., February 4, 2004.

Remarks by Commissioner Walter Lukken before the Chicago Bar Association, Chicago, Illinois, February 3, 2004.

Statement of Commissioner Walter L. Lukken before the Futures and Options World's Trade Mission, Shanghai, November 21, 2003.

Remarks of Commissioner Walter L. Lukken before the Futures and Options World's Derivatives and Risk Expo, New York, New York, May 21, 2003.

Remarks of Commissioner Walter L. Lukken before the Futures and Derivatives Committee of the New York State Bar Association, May 20, 2003.

Statement of Commissioner Walter L. Lukken before the National Grain Trade Council at their Annual Meeting, February 7, 2003.

Statement of Commissioner Walter L. Lukken before the Futures Industry Association, Chicago, Illinois, September 12, 2002.

12. Health: What is the present state of your health?

Excellent. I have had diabetes for the last 20 years but keep it under tight control through exercise, monitoring and diet.

FINANCIAL DATA AND CONFLICT OF INTEREST (PUBLIC)

1. Have you severed all connections with your immediate past private sector employers, business firms, associations, and/or organizations?

   Yes.

2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services, firm memberships, former employers, clients, or customers.

   None.

3. Do you, or does any partnership or closely held corporation in which you have an interest, own or operate a farm or ranch? (If yes, please give a brief description including location, size and type of operation.)

   No.

4. Have you, or any partnership or closely held corporation in which you have an interest, ever participated in Federal commodity price support programs? (If yes, provide all details including amounts of direct government payments and loans received or forfeited by crop and farm, etc. during the past five years.)

   No.

5. Have you, or any partnership or closely held corporation in which you have an interest, ever received a direct or guaranteed loan from or cosigned a note to the Rural Business-Cooperative Service, Rural Housing Service, the Rural Utilities Service or their predecessor agencies, the Farmers Home Administration, the Rural Development Administration, the Rural Housing and Cooperative Development Service or the Rural Electrification Administration? (If yes, give details of any such loan activity during the past 5 years.)

   No.

6. Have you, or any partnership or closely held corporation in which you have an interest, ever received payments for crop losses from the Federal Crop Insurance program? (If yes, give details.)

   No.

7. If confirmed, do you have any plans, commitments, or agreements to pursue outside employment or engage in any business or vocation, with or without

compensation, during your service with the government? (If so, explain.)

No.

8. Do you have any plans to resume employment, affiliation, or practice with your previous employers, business firms, associations, or organizations after completing government service? (If yes, give details.)

No.

9. Has anyone made a commitment to employ you or retain your services in any capacity after you leave government service? (If yes, please specify.)

No.

10. Identify all investments, obligations, liabilities, or other relationships which involve potential conflicts of interest in the position to which you have been nominated.

None.

11. Have you ever received a government guaranteed student loan? If so, has it been repaid?

Yes. I received several government-guaranteed law school loans, which are being repaid and are in good standing.

12. If confirmed, explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items.

I will continue to confer with the Office of Government Ethics and ethics officials at the CFTC so as to avoid the appearance of and to resolve any potential conflicts of interest that may arise in the future.

United States
Office of Government Ethics
1201 New York Avenue, NW., Suite 500
Washington, DC 20005-3917

September 12, 2007

The Honorable Tom Harkin
Chairman
Committee on Agriculture, Nutrition,
and Forestry
United States Senate
Washington, DC 20510-6000

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Walter L. Lukken, who has been nominated by President Bush for the position of Chairman, Commodity Futures Trading Commission.

We have reviewed the report and have also obtained advice from the Commodity Futures Trading Commission concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is a letter dated August 6, 2007, from Mr. Lukken to the agency's ethics official, outlining the steps Mr. Lukken will take to avoid conflicts of interest. Unless a specific date has been agreed to, the nominee must fully comply within three months of his confirmation date with any action he agreed to take in his ethics agreement.

Based thereon, we believe that Mr. Lukken is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Robert I. Cusick
Director

Enclosures

SF 27 03/2000)
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U.S. Office of Government Ethics

Executive Branch Personnel PU C FINANCIAL DISCLOSURE REPORT

Fe 0 pproved. 3209 - 0001

Date of Appointment, Candidacy, Election, or Nomination *(Month, Day, Year)*	Reporting Status (Check Appropriate Boxes)	Incumbent ☐	Calendar Year Covered by Report	New Entrant, Nominee, or Candidate ☒	Termination Filer ☐ Termination Date *(If Applicable) (Month, Day, Year)*
Sept 7, 2007					

Reporting Individual's Name	Last Name: Lukken	First Name and Middle Initial: Walter
Position for Which Filing	Title of Position: Chairman	Department or Agency *(If Applicable)*: Commodity Futures Trading Commission
Location of Present Office (or forwarding address)	Address *(Number, Street, City, State, and ZIP Code)*: 1155 21st Street NW, Washington, DC 20581	Telephone No. *(Include Area Code)*: 202-418-5014
Position(s) Held with the Federal Government During the Preceding 12 Months *(If Not Same as Above)*	Title of Position(s) and Date(s) Held: Commissioner of the CFTC, August 6, 2002 to present	
Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination: Committee on Agriculture, Nutrition and Forestry	Do You Intend to Create a Qualified Diversified Trust? ☐ Yes ☒ No

Certification: I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge.	Signature of Reporting Individual: Walt L. Lukken	Date *(Month, Day, Year)*: 5-22-08
Other Review (If desired by agency)	Signature of Other Reviewer:	Date *(Month, Day, Year)*:
Agency Ethics Official's Opinion: On the basis of information contained in this report, I conclude that the filer is in compliance with applicable laws and regulations (subject to any comments in the box below).	Signature of Designated Agency Ethics Official/Reviewing Official:	Date *(Month, Day, Year)*:
Office of Government Ethics Use Only	Signature:	Date *(Month, Day, Year)*:

Comments of Reviewing Officials *(If additional space is required, use the reverse side of this sheet)*

(Check box if filing extension granted & indicate number of days _____) ☐

Candace Thurner
COMMISSION EXPIRES
July 31, 2009

(Check box if comments are continued on the reverse side) ☐

Fee for Late Filing
Any individual who is required to file this report and does so more than 30 days after the date the report is required to be filed, or, if an extension is granted, more than 30 days after the last day of the filing extension period, shall be subject to a $200 fee.

Reporting Periods
Incumbents: The reporting period is the preceding calendar year except Part II of Schedule C and Part I of Schedule D where you must also include the filing year up to the date you file. Part II of Schedule D is not applicable.

Termination Filers: The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination. Part II of Schedule D is not applicable.

Nominees, New Entrants and Candidates for President and Vice President:

Schedule A--The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets as of any date you choose that is within 31 days of the date of filing.

Schedule B--Not applicable.

Schedule C, Part I (Liabilities)--The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.

Schedule C, Part II (Agreements or Arrangements)--Show any agreements or arrangements as of the date of filing.

Schedule D--The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

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Reporting Individual's Name: Lukken, Walter

SCHEDULE A

Page Number of

Assets and Income — BLOCK A

For you, your spouse, and dependent children, report each asset held for investment or the production of income which had a fair market value exceeding $1,000 at the close of the reporting period, or which generated more than $200 in income during the reporting period, together with such income.

For yourself, also report the source and actual amount of earned income exceeding $200 (other than from the U.S. Government). For your spouse, report the source but not the amount of earned income of more than $1,000 (except report the actual amount of any honoraria over $200 of your spouse).

None ☐

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

	Assets and Income (Block A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gain	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
Examples	Central Airlines Common				x												x						x										
	Doe Jones & Smith, Hometown, State																															Law Partnership Income $130,000	
	Kempstone Equity Fund																																
	IRA: Heartland 500 Index Fund																								x								
1	T Rowe Price Equity Income Fund		X											X							X												
2	T Rowe Price Growth Stock Fund		X											X							X												
3	T Rowe Price Personal Strategy Growth IRA Rollover (spouse)		X											X							X												
4	Spouse self-employed as meeting planner for trade associations with Congressional offices																															self-employment income	
5	District of Columbia 529 Education Fund-Age 0-5 (DC One)			X										X								X											
6	District of Columbia 529 Education Fund-Age 0-5 (DC Two)		X											X							X												

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

Prior Editions Cannot Be Used.

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Reporting Individual's Name
Lukken, Walter

SCHEDULE C

Page Number
of

Part I: Liabilities

Report liabilities over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse, or dependent children. Check the highest amount owed during the reporting period. Exclude a mortgage on your personal residence unless it is rented out; loans secured by automobiles, household furniture or appliances; and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

None ☐

	Creditors (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value (x): $10,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000
Examples	First District Bank, Washington, DC	Mortgage on rental property, Delaware	1991	8%	25 yrs.			X								
	John Jones, 123 J St., Washington, DC	Promissory note	1999	10%	on demand					X						
1	Department of Education, Washington DC	student loan	2002	8	15		X									
2	Department of Education, Washington DC	spouse student loan	2001	7	25		X									
3																
4																
5																

*This category applies only if the liability is solely that of the filer's spouse or dependent children. If the liability is that of the filer or a joint liability of the filer with the spouse or dependent children, mark the other higher categories, as appropriate.

Part II: Agreements or Arrangements

Report your agreements or arrangements for: (1) continuing participation in an employee benefit plan (e.g. pension, 401k, deferred compensation); (2) continuation of payment by a former employer (including severance payments); (3) leaves of absence; and (4) future employment. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

None ☒

	Status and Terms of any Agreement or Arrangement	Parties	Date
Example	Pursuant to partnership agreement, will receive lump sum payment of capital account & partnership share calculated on service performed through 1/00.	Doe Jones & Smith, Hometown, State	7/85
1			
2			
3			
4			
5			
6			

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U.S. Office of Government Ethics

Reporting Individual's Name	SCHEDULE D	Page Number
Lukken, Walter		of

Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. **Exclude** positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None ☒

	Organization *(Name and Address)*	Type of Organization	Position Held	From *(Mo., Yr.)*	To *(Mo., Yr.)*
Examples	Nat'l Assn. of Rock Collectors, NY, NY	Non-profit education	President	6/92	Present
	Doe Jones & Smith, Hometown, State	Law firm	Partner	7/85	1/00
1					
2					
3					
4					
5					
6					

Part II: Compensation in Excess of $5,000 Paid by One Source

Report sources of more than $5,000 compensation received by you or your business affiliation for services provided directly by you during any one year of the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any other non-profit organization when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

Do not complete this part if you are an Incumbent, Termination Filer, or Vice Presidential or Presidential Candidate.

None ☒

	Source *(Name and Address)*	Brief Description of Duties
Examples	Doe Jones & Smith, Hometown, State	Legal services
	Metro University (client of Doe Jones & Smith), Moneytown, State	Legal services in connection with university construction
1		
2		
3		
4		
5		
6		

Prior Editions Cannot Be Used.

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August 6, 2007

Mr. John P. Dolan
Counsel and Alternate Designated
Agency Ethics Official
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Dear Mr. Dolan:

In regard to your review of my public financial disclosure report ("SF 278") and in anticipation of my nomination by President Bush, I wish to advise you of the steps I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed as Chairman of the Commodity Futures Trading Commission.

As required by 18 U.S.C. 208 (a), I will not participate personally or substantially in any particular matter that has a direct and predictable effect on my financial interest or those of any person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to 18 U.S.C. 208 (b)(1), or qualify for a regulatory exemption pursuant to 18 U.S.C. 208 (b)(2).

My spouse, Dana Bostic Lukken is self-employed as a meeting planner for lobbyists wishing to visit various Capitol Hill officials and staff, for which she receives compensation. Pursuant to 5 C.F.R. Part 2635.502, I will not participate in any particular matter involving specific parties in which any client of my spouse is or represents a party, unless I am authorized to participate.

I understand that you will provide copies of this letter to the White House Counsel's Office and the Office of Government Ethics in connection with their review of my SF 278. I would be pleased to provide them with any additional information they may require.

Sincerely,

Walter L. Lukken

U.S. Commodity Futures Trading Commission
Three Lafayette Centre,1155 21st Street, NW, Washington, DC 20581

Walter L. Lukken
Acting Chairman

(202) 418-5014
(202) 418-5550 Facsimile
wlukken@cftc.gov

June 3, 2008

The Honorable Tom Harkin
Chairman
Senate Agriculture, Nutrition and Forestry Committee
Russell 328-A
Washington, D.C. 20510

Dear Chairman Harkin:

In accordance with Title I of the Ethics in Government Act of 1978, as amended, and 5 C.F.R. § 2634.606(a), I hereby update my SF 278 public financial disclosure form. Since August 2, 2007, the date I signed my SF 278 public financial disclosure report, my spouse and I have not received honoraria and I have not received outside income other than my CFTC salary.

Thank you for the Committee's consideration of my nomination as Chairman of the CFTC.

Sincerely,

Walter Lukken

cc: Robert I. Cusick
Director of Government Ethics

Terry Arbit
General Counsel and Designated Agency Ethics Official, Commodity Futures Trading Commission

BIOGRAPHICAL INFORMATION (PUBLIC)

1. Full name (include any former names used).
Scott Douglas O'Malia

2. Date and place of birth.
December 1, 1967 South Bend, IN

3. Marital Status (include maiden name of wife or husband's name). List spouse's occupation, employer's name and business address(es).
Married
Marissa Reyes O'Malia, formerly Marissa Jane Reyes
Doctor of Chiropractic
Dr. Marissa R. O'Malia, P.C.
2440 M St, NW #807, Wash DC 20037

4. Education: List each college and graduate or professional school you have attended, including dates of attendance, degrees received, and dates degrees were granted.
9/85 – 12/86 Lansing Community College/ Kyoto Educ. Center
1/87 - 5/90 University of Michigan, Ann Arbor, BA LSA 5/4/90

5. Employment Record: List (by year) all business or professional corporations, companies, firms, or other enterprises, partnerships, institutions and organizations, nonprofit or otherwise, including farms, with which you were connected as an officer, director, partner, proprietor, or employee since graduation from college; include a title and brief job description.

Public Securities Association -- 1990-1991
Assistant Political Manager
Managed PSA PAC activities that included fundraising, correspondence, Federal Election Commission filing, and special events. Drafted weekly updates on political events for industry newsletter.

Senator McConnell -- 1991-2001
Legislative Staff
Responsible for appropriations as well as energy, environment, education, tax policy, and commercial policy issues.

Mirant -- 2001 - 2003
Director
Developed a policy organization within Mirant and financial trade associations to bring together commercial interests, investor relations and legal staff to review federal legislative initiatives and develop the appropriate policy response. Also

worked with international business units regarding merger activity and terrorism insurance.

U.S. Senate Energy Committee -- 2003-2004
Professional Staff
Developed policies related to oil and natural gas markets including conducting congressional hearings and drafting legislative initiatives.

Energy and Water Development Subcommittee, Committee on Appropriations --2004-Present
Clerk
Responsibilities include drafting and passage of the Energy and Water Development appropriation legislation providing funding to the Department of Energy ($25 billion budget), U.S. Army Corps of Engineers ($ 5.3 billion budget), and Bureau of Reclamation ($1 billion budget).

6. Military Service: Have you had any military service? If so, give particulars, including the dates, branch of service, rank or rate, serial number and type of discharge received.
No military service

7. Government Service: State (chronologically) your government service or public offices you have held, including the terms of service grade levels and whether such positions were elected or appointed.
U.S. Senator McConnell
U.S. Senate Committee on Energy and Natural Resources
U.S. Senate Committee on Appropriations

8. Honors and Awards: List any scholarships, fellowships, honorary degrees, and honorary society memberships that you received and believe would be of interest to the Committee.
Worker Health Protection Program Award 2006 – For assistance to Department of Energy Defense Nuclear Workers

9. Political Affiliation: The statute creating the Commodity Futures Trading Commission requires that no more than three members be from the same political party. List your current political party registration or affiliation.
Republican

10. Other Memberships: List all organizations to which you belong, excluding religious organizations.
Drew Model School PTA, Arlington, VA
Key School PTA, Arlington VA

11. Published Writings: List the titles, publishers, and dates of books, articles,

reports, or other published materials (including published speeches) you have written. Please include on this list published materials on which you are listed as the principal editor. It would be helpful to the Committee if you could provide one copy of all published material that may not be readily available. Also, to the maximum extent practicable, please supply a copy of all unpublished speeches you made during the past five years on issues involving agriculture, nutrition, forestry or commodity futures policy or related matters.
N/A

12. Health: What is the present state of your health? **In good health**

FINANCIAL DATA AND CONFLICT OF INTEREST (PUBLIC)

1. Have you severed all connections with your immediate past private sector employers, business firms, associations, and/or organizations?
Yes

2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services, firm memberships, former employers, clients, or customers.
Mirant warrants provided on 1/3/06. Qty: 119 Warrants - $1768 value,
Mirant stock Qty: 37 shares - $1,471 value
Attachment: Conflict of Interest letter

3. Do you, or does any partnership or closely held corporation in which you have an interest, own or operate a farm or ranch? (If yes, please give a brief description including location, size and type of operation.)
No

4. Have you, or any partnership or closely held corporation in which you have an interest, ever participated in Federal commodity price support programs? (If yes, provide all details including amounts of direct government payments and loans received or forfeited by crop and farm, etc. during the past five years.)
No

5. Have you, or any partnership or closely held corporation in which you have an interest, ever received a direct or guaranteed loan from or cosigned a note to the Rural Business-Cooperative Service, Rural Housing Service, the Rural Utilities Service or their predecessor agencies, the Farmers Home Administration, the Rural Development Administration, the Rural Housing and Cooperative Development Service or the Rural Electrification Administration? (If yes, give details of any such loan activity during the past 5 years.)
No

6. Have you, or any partnership or closely held corporation in which you have an interest, ever received payments for crop losses from the Federal Crop Insurance program? (If yes, give details.)
No

7. If confirmed, do you have any plans, commitments, or agreements to pursue outside employment or engage in any business or vocation, with or without compensation, during your service with the government? (If so, explain.)
No

8. Do you have any plans to resume employment, affiliation, or practice with your previous employers, business firms, associations, or organizations after completing government service? (If yes, give details.)
No

9. Has anyone made a commitment to employ you or retain your services in any capacity after you leave government service? (If yes, please specify.)
No

10. Identify all investments, obligations, liabilities, or other relationships which involve potential conflicts of interest in the position to which you have been nominated.
Attachment: Conflict of Interest letter

11. Have you ever received a government guaranteed student loan? If so, has it been repaid?
No

12. If confirmed, explain how you will resolve any potential conflict of interest, including any that may be disclosed by your responses to the above items.
Attachment: Conflict of Interest letter

United States
Office of Government Ethics
1201 New York Avenue, NW., Suite 500
Washington, DC 20005-3917

April 16, 2008

The Honorable Tom Harkin
Chairman
Committee on Agriculture, Nutrition,
and Forestry
United States Senate
Washington, DC 20510-6000

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Scott D. O'Malia, who has been nominated by President Bush for the position of Commissioner, Commodity Futures Trading Commission.

We have reviewed the report and have also obtained advice from the Commodity Futures Trading Commission concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is a letter dated January 15, 2008, from Mr. O'Malia to the agency's ethics official, outlining the steps Mr. O'Malia will take to avoid conflicts of interest. Unless a specific date has been agreed to, the nominee must fully comply within three months of his confirmation date with any action he agreed to take in his ethics agreement.

Based thereon, we believe that Mr. O'Malia is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Robert I. Cusick
Director

Enclosures

SF 2' 03/2000)
5 C.F . 2634
U.S. Office of Government Ethics

Executive Branch Personnel PU' 'C FINANCIAL DISCLOSURE REPORT

Fo 'proved:
O. 3209 - 0001

Date of Appointment, Candidacy, Election, or Nomination *(Month, Day, Year)*	Reporting Status (Check Appropriate Boxes)	Incumbent ☐	Calendar Year Covered by Report	New Entrant, Nominee, or Candidate ☒	Termination Filer ☐ Termination Date *(If Applicable) (Month, Day, Year)*
Reporting Individual's Name	Last Name: O'Malia			First Name and Middle Initial: Scott D	
Position for Which Filing	Title of Position: Commissioner			Department or Agency *(If Applicable)*: Commodity Futures Trading Commission	
Location of Present Office (or forwarding address)	Address *(Number, Street, City, State, and ZIP Code)*: 1155 21st Street Washington D.C. 20581			Telephone No. *(Include Area Code)*: 202-418-5000	
Position(s) Held with the Federal Government During the Preceding 12 Months *(If Not Same as Above)*	Title of Position(s) and Date(s) Held: Clerk, Senate Appropriations Committee, Subcomittee on Energy and Water Development 188 Dirksen Senate Office Building Washington, D.C. 20510 1/2004-Present				
Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination: Committee on Agriculture, Nutrition and Forestry			Do You Intend to Create a Qualified Diversified Trust? ☐ Yes ☒ No	
Certification: I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge.	Signature of Reporting Individual: Scott O'Malia			Date *(Month, Day, Year)*: 2/15/2008	
Other Review (If desired by agency)	Signature of Other Reviewer: J.P. [illegible]			Date *(Month, Day, Year)*: 03/04/2008	
Agency Ethics Official's Opinion: On the basis of information contained in this report, I conclude that the filer is in compliance with applicable laws and regulations (subject to any comments in the box below)	Signature of Designated Agency Ethics Official/Reviewing Official: Terry S. Arnold			Date *(Month, Day, Year)*: 4-8-08	
Office of Government Ethics Use Only	Signature: [illegible]			Date *(Month, Day, Year)*: 4/16/08	

Comments of Reviewing Officials *(If additional space is required, use the reverse side of this sheet)*

(Check box if filing extension granted & indicate number of days _____) ☐

(Check box if comments are continued on the reverse side) ☐

Fee for Late Filing
Any individual who is required to file this report and does so more than 30 days after the date the report is required to be filed, or, if an extension is granted, more than 30 days after the last day of the filing extension period, shall be subject to a $200 fee.

Reporting Periods
Incumbents: The reporting period is the preceding calendar year except Part II of Schedule C and Part I of Schedule D where you must also include the filing year up to the date you file. Part II of Schedule D is not applicable.

Termination Filers: The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination. Part II of Schedule D is not applicable.

Nominees, New Entrants and Candidates for President and Vice President:

Schedule A–The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets as of any date you choose that is within 31 days of the date of filing.

Schedule B–Not applicable.

Schedule C, Part I (Liabilities)–The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.

Schedule C, Part II (Agreements or Arrangements)–Show any agreements or arrangements as of the date of filing.

Schedule D–The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

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Reporting Individual's Name: O'Malia, Scott D

SCHEDULE A

Page Number: A1 of 23

Assets and Income — BLOCK A

For you, your spouse, and dependent children, report each asset held for investment or the production of income which had a fair market value exceeding $1,000 at the close of the reporting period, or which generated more than $200 in income during the reporting period, together with such income.

For yourself, also report the source and actual amount of earned income exceeding $200 (other than from the U.S. Government). For your spouse, report the source but not the amount of earned income of more than $1,000 (except report the actual amount of any honoraria over $200 of your spouse).

None ☐

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
Examples	Central Airlines Common				x												x						x										
	Doe Jones & Smith, Hometown, State			x																												Law Partnership Income $130,000	
	Kempstone Equity Fund					x								x										x									
	IRA: Heartland 500 Index Fund							x						x											x								
1	U.S. Senate Federal Credit Union Checking Account		X																		X												
2	U.S. Senate Federal Credit Union Savings Account		X																		X												
3	Wachovia Checking (Crown) Account		X																		X												
4	Cisco (CSCO) NASDQ	X																			X												
5	Citigroup (C) NYSE		X																		X												
6	Home Depot (HD) NYSE		X																		X												

* This category applies only if the asset/income is solely that of the filer's spouse or dependent children. If the asset/income is either that of the filer or jointly held by the filer with the spouse or dependent children, mark the other higher categories of value, as appropriate.

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Reporting Individual's Name: O'Malia, Scott D

SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

#	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Qualified Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and royalties	Type: Interest	Type: Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	Travelers (TRV) NYSE		X																		X												
2	Mirant (MIR) NYSE (Common)		X																		X												
3	Mirant (MIR) NYSE unvested warrants, 119 units, strike price $21 (exp1/3/2011)		X																		X												
4	Janus Orion Fund Traditional IRA			X										X							X												
5	Janus Short Term Bond Fund Traditional IRA		X											X							X												
6	Wachovia IRA - First Trust Target Focus Four (FOCAPX) (Unit Investment Trust)		X											X							X												
7	Wachovia IRA - First Trust Target Focus Four (FOCAPX) (Unit Investment Trust)		X											X							X												
8	Wachovia SEP IRA (Unit Investment Trust) - --First Trust NYSE Int'l Target 25 (FNYSOX)		X											X							X												
9	--First Trust Greater China Fund 9 (NCHNVX)		X											X							X												

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Reporting Individual's Name

SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

	Assets and Income (BLOCK A)	Valuation of Assets (BLOCK B): None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Blind Trust/Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Rent and Royalties	Interest	Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	Wachovia Asset Management Account (assets listed on pages A5-20)						X																										
2	Janus Mercury Fund (JAMRX) Spouse IRA		X											X							X												
3	Virginia College Savings - American Funds/ College America (CIRAX)			X										X							X												
4	Virginia College Savings - American Funds/ College America (CWIAX)			X										X							X												
5	Virginia College Savings - American Funds/ College America (CEUAX)			X										X							X												
6	Virginia College Savings - American Funds/ College America (CGFAX)				X									X							X												
7	Virginia College Savings - American Funds College America (CNPAX)			X										X							X												
8	Virginia College Savings - American Funds/ College America (CFAAX)			X										X							X												
9	1X Inc. Toronto, Canada (computer software company) privately held, LLC			X																	X												

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Reporting Individual's Name: Scott D. O'Malia

SCHEDULE A continued
(Use only if needed)

Page Number: A4 of 23

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

#	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	Dreyfus General Municipal MM A (Bond Fund GTMXX)					X								X					X		X												
2	Wachovia Savings Account					X													X		X												
3	S-Corp Equity (Spouse) Medical Practice, Wash, D.C. (Marissa R. O'Malia, PC)																															S-Corp $56K	
4	Income (Spouse) Med. Practice Wash DC S-Corp W2																															W-2 $35K	
5	Trident, PLC Douglas, Isle of Mann Great Britain (internet company) privately held (Spouse)	X																		X								X					
6																																	
7																																	
8																																	
9																																	

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Reporting Individual's Name

SCHEDULE A continued
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Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	Affiliated Managers (AMG)		X																	X	X												
2	Albermarle Corp (ALB)		X																	X	X												
3	Alliance Bernstein Hldg AZ		X																	X	X												
4	Allianz SE (AZ - ADR)		X																	X	X												
5	Altria (MO)		X																	X	X												
6	American Intl Group (AIG)		X																	X	X												
7	Ametex, Inc (AME)		X																	X	X												
8	Amphenol Corp (APH)		X																	X	X												
9	Ansys Inc (ANSS)		X																	X	X												

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Reporting Individual's Name

SCHEDULE A continued
(Use only if needed)

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Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	Aon Corp (AON)		X																	X	X												
2	Apple Inc (AAPL)		X																	X	X												
3	Arbitron Inc (ARB)		X																	X	X												
4	Arcelor Steel (MT)		X																	X	X												
5	Arch Cap (ACGL)		X																	X	X												
6	Astrazeneca PLC ADR (AZN)		X																	X	X												
7	AU Optronics ADR (AUO)		X																	X	X												
8	Bank of America Corp (BAC)		X																	X	X												
9	Bard CR INC (BCR)		X																	X	X												

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Reporting Individual's Name

SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

#	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	BASF AG ADR (BASFY)		X																	X	X												
2	BEA Systems (BEAS)		X																	X	X												
3	Best Buy (BBY)		X																	X	X												
4	Borg Warner (BWA)		X																	X	X												
5	Brown-Forman Class B (BF/B)		X																	X	X												
6	Catepillar, Inc. (CAT)		X																	X	X												
7	CBS Class B (CBS)		X																	X	X												
8	Celanese Corp (CE)		X																	X	X												
9	Chevron Corp (CVX)		X																	X	X												

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Reporting Individual's Name

SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

	Assets and Income (BLOCK A)	Valuation of Assets (BLOCK B): None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Rent and Royalties	Interest	Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	China Netcom ADR (CN)		X																	X	X												
2	China Petroleum (SNP)		X																	X	X												
3	Cisco (CSCO)		X																	X	X												
4	Citicorp (C)		X																	X	X												
5	Clorox (CLX)		X																	X	X												
6	Commscope Inc (CTV)		X																	X	X												
7	Conoco Phillips (COP)		X																	X	X												
8	Coventry Health Care (CVH)		X																	X	X												
9	Credit Suisse Group ADR (CS)		X																	X	X												

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Reporting Individual's Name

SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	CVS Caremark (CVS)		X																	X	X												
2	Deere and Co (DE)		X																	X	X												
3	Denbury Inc (DNR)		X																	X	X												
4	Dentsply International (XRAY)		X																	X	X												
5	Deutsche Bank AG (DB)		X																	X	X												
6	Diodes Inc. (DIOD)		X																	X	X												
7	Dolby Labs (DLB)		X																	X	X												
8	Dow Chemical (DOW)		X																	X	X												
9	Dun and Bradstreet (DNB)		X																	X	X												

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Reporting Individual's Name

SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	EMC Corp (EMC)		X																	X	X												
2	E.ON ADR (EONGY)		X																	X	X												
3	Edward Lifesciences Corp (EW)		X																	X	X												
4	ENI SPA ADR (E)		X																	X	X												
5	Equitable Resources (EQT)		X																	X	X												
6	Fannie Mae (FNM)		X																	X	X												
7	Federal Home Loan Mtg (FRE)		X																	X	X												
8	Fedex Corp (FDX)		X																	X	X												
9	FISERV (FISV)		X																	X	X												

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Reporting Individual's Name

SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

	Assets and Income (BLOCK A)	Valuation of Assets (BLOCK B): None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Rent and Royalties	Interest	Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	Flowers Food (FLO)		X																	X	X												
2	FMC Technologies Inc (FTI)		X																	X	X												
3	Fortis -Spon ADR (FORSY)		X																	X	X												
4	Gen-Probe Inc (GPRO)		X																	X	X												
5	General Electric Company (GE)		X																	X	X												
6	Gilead Sciences (GILD)		X																	X	X												
7	Goldman Sachs (GS)		X																	X	X												
8	Google (GOOG)		X																	X	X												
9	Hartford Financial Services (HIG)		X																	X	X												

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Reporting Individual's Name

SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

	Assets and Income (BLOCK A)	Valuation of Assets (BLOCK B): None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Rent and Royalties	Interest	Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	HBOS PLC ADR (HBOOY)		X																	X	X												
2	Helco Corp (HEI)		X																	X	X												
3	Hewlett Packard (HP)		X																	X	X												
4	Honeywell (HON)		X																	X	X												
5	IDEX Corp (IEX)		X																	X	X												
6	Ing Group ADR (ING)		X																	X	X												
7	Intel Corp (INTC)		X																	X	X												
8	IBM (IBM)		X																	X	X												
9	Intersil Corp (ISIL)		X																	X	X												

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Reporting Individual's Name

SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

	Assets and Income (BLOCK A)	Valuation of Assets (BLOCK B): None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Rent and Royalties	Interest	Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	Iron Mountain (IRM)		X																	X	X												
2	J B Hunt Transportation (JBHT)		X																	X	X												
3	John Wiley Class A (JW/A)		X																	X	X												
4	JPMorgan (JPM)		X																	X	X												
5	Kroger Compan (KR)		X																	X	X												
6	Laboratory Corp of American Hldgs (LH)		X																	X	X												
7	Landstar Systems (LSTR)		X																	X	X												
8	Lehman Brothers (LEH)		X																	X	X												
9	Liberty Global (LBTYK)		X																	X	X												

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Reporting Individual's Name

SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Tax-Deferred Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	Lodgenet Entertainment (LNET)		X																	X	X												
2	Logitech International (LOGI)		X																	X	X												
3	Lowes (LOW)		X																	X	X												
4	Macy's (M)		X																	X	X												
5	Marathon Oil (MRO)		X																	X	X												
6	McDonald (MCD)		X																	X	X												
7	McKesson Corp (MCK)		X																	X	X												
8	Meridian Bioscience (VIVO)		X																	X	X												
9	Merrill Lynch (MER)		X																	X	X												

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SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	Metlife, Inc (MET)		X																	X	X												
2	MGM Mirage (MGM)		X																	X	X												
3	Micros Systems (MCRS)		X																	X	X												
4	Microsoft (MSFT)		X																	X	X												
5	Monsanto (MON)		X																	X	X												
6	National Instruments (NATI)		X																	X	X												
7	Nissan Motor ADR (NSANY)		X																	X	X												
8	Nordstrom (JWN)		X																	X	X												
9	NRG Energy (NRG)		X																	X	X												

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Reporting Individual's Name

SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	Ntelos Holding (NTLS)		X																	X	X												
2	On Semi Conductor (ONNN)		X																	X	X												
3	ORIX Corps ADR (IX)		X																	X	X												
4	PACTIV (PTV)		X																	X	X												
5	Pepsico Inc. (PEP)		X																	X	X												
6	Petroleo Brasileiro ADR (PBR/A)		X																	X	X												
7	Pfizer Inc (PFE)		X																	X	X												
8	Posco ADR (PKX)		X																	X	X												
9	Proctor and Gamble (PG)		X																	X	X												

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SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

#	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	Quanta Services (PWR)		X																	X	X												
2	Range Resources (RRC)		X																	X	X												
3	Royal Bank of Scotland		X																	X	X												
4	Royal Dutch Shell ADR (RDS/A)		X																	X	X												
5	Safeway (SWY)		X																	X	X												
6	Sanofi - Aventis ADR (SNY)		X																	X	X												
7	Schlumberger (SLB)		X																	X	X												
8	Security Capital (SCA)		X																	X	X												
9	Service Corporation (SCI)		X																	X	X												

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SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

	Assets and Income (BLOCK A)	Valuation of Assets (BLOCK B): None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Rent and Royalties	Interest	Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	Sharp Corp ADR (SHCAY)		X																	X	X												
2	Silgan Holding (SLGN)		X																	X	X												
3	Society Generale ADR (SCGLY)		X																	X	X												
4	Sotheby's (BID)		X																	X	X												
5	Sprint Nextel (S)		X																	X	X												
6	Stancorp Financial Group (SFG)		X																	X	X												
7	Starbucks (SBUX)		X																	X	X												
8	Sumitomo Mitsui ADR (SMFJY)		X																	X	X												
9	Thor Industries (THO)		X																	X	X												

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Reporting Individual's Name

SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	Time Warner (TWX)		X																	X	X												
2	TJX Cos Inc (TJX)		X																	X	X												
3	Total ADR (TOT)		X																	X	X												
4	Trimble Navigation (TRMB)		X																	X	X												
5	United Microelectronics (UMC)		X																	X	X												
6	United Technologies (UTX)		X																	X	X												
7	United Health Group (UNH)		X																	X	X												
8	VF Corporation (VFC)		X																	X	X												
9	Vail Resorts (MTN)		X																	X	X												

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Reporting Individual's Name

SCHEDULE A continued
(Use only if needed)

Assets and Income — BLOCK A

Valuation of Assets at close of reporting period — BLOCK B

Income: type and amount. If "None (or less than $201)" is checked, no other entry is needed in Block C for that item. — BLOCK C

	Assets and Income (BLOCK A)	None (or less than $1,001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Excepted Investment Fund	Excepted Trust	Qualified Trust	Type: Dividends	Type: Rent and Royalties	Type: Interest	Type: Capital Gains	Amount: None (or less than $201)	$201 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	Over $5,000,000	Other Income (Specify Type & Actual Amount)	Date (Mo., Day, Yr.) Only if Honoraria
1	Valero Energy Corp (VLO)		X																	X	X												
2	Vodafone Group ADR (VOD)		X																	X	X												
3	Washington Post (WPO)		X																	X	X												
4	Waste Connections (WCN)		X																	X	X												
5																																	
6																																	
7																																	
8																																	
9																																	

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Do not complete Schedule B if you are : entrant, nominee, or Vice Presidential or Presidential Candid:

Reporting Individual's Name
O'Malia, Scott D

SCHEDULE B

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Part I: Transactions

Report any purchase, sale, or exchange by you, your spouse, or dependent children during the reporting period of any real property, stocks, bonds, commodity futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss.

Do not report a transaction involving property used solely as your personal residence, or a transaction solely between you, your spouse, or dependent child. Check the "Certificate of divestiture" block to indicate sales made pursuant to a certificate of divestiture from OGE.

None ☐

	Identification of Assets	Transaction Type (x): Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	Amount of Transaction (x): $1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	$500,001 - $1,000,000	Over $1,000,000*	$1,000,001 - $5,000,000	$5,000,001 - $25,000,000	$25,000,001 - $50,000,000	Over $50,000,000	Certificate of divestiture
Example	Central Airlines Common				2/1/99			x									
1																	
2																	
3																	
4																	
5																	

*This category applies only if the underlying asset is solely that of the filer's spouse or dependent children. If the underlying asset is either held by the filer or jointly held by the filer with the spouse or dependent children, use the other higher categories of value, as appropriate.

Part II: Gifts, Reimbursements, and Travel Expenses

For you, your spouse and dependent children, report the source, a brief description, and the value of: (1) gifts (such as tangible items, transportation, lodging, food, or entertainment) received from one source totaling more than $260, and (2) travel-related cash reimbursements received from one source totaling more than $260. For conflicts analysis, it is helpful to indicate a basis for receipt, such as personal friend, agency approval under 5 U.S.C. § 4111 or other statutory authority, etc. For travel-related gifts and reimbursements, include travel itinerary, dates, and the nature of expenses provided. **Exclude** anything given to you by the U.S. Government; given to your agency in connection with official travel; received from relatives; received by your spouse or dependent child totally independent of their relationship to you; or provided as personal hospitality at the donor's residence. Also, for purposes of aggregating gifts to determine the total value from one source, exclude items worth $104 or less. See instructions for other exclusions.

None ☒

	Source (Name and Address)	Brief Description	Value
Examples	Nat'l Assn. of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/15/99 (personal activity unrelated to duty)	$500
	Frank Jones, San Francisco, CA	Leather briefcase (personal friend)	$300
1			
2			
3			
4			
5			

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Reporting Individual's Name
O'Malia, Scott D

SCHEDULE C

Part I: Liabilities

Report liabilities over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse, or dependent children. Check the highest amount owed during the reporting period. Exclude a mortgage on your personal residence unless it is rented out; loans secured by automobiles, household furniture or appliances; and liabilities owed to certain relatives listed in instructions. See instructions for revolving charge accounts.

None ☒

	Creditors (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value (x): $15,001 - $50,000	$100,001 - $250,000	$500,001 - $1,000,000	$1,000,001 - $5,000,000	$25,000,001 - $50,000,000	Over $50,000,000
Examples	First District Bank, Washington, DC	Mortgage on rental property, Delaware	1991	8%	25 yrs.						
	John Jones, 123 J St., Washington, DC	Promissory note	1999	10%	on demand						
1											
2											
3											
4											
5											

*This category applies only if the liability is solely that of the filer's spouse or dependent children. If the liability is that of the filer or a joint liability of the filer with the spouse or dependent children, mark the other higher categories, as appropriate.

Part II: Agreements or Arrangements

Report your agreements or arrangements for: (1) continuing participation in an employee benefit plan (e.g. pension, 401k, deferred compensation); (2) continuation of payment by a former employer (including severance payments); (3) leaves of absence; and (4) future employment. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

None ☐

	Status and Terms of any Agreement or Arrangement	Parties	Date
Example	Pursuant to partnership agreement, will receive lump sum payment of capital account & partnership share calculated on service performed through 1/00.	Doe Jones & Smith, Hometown, State	7/85
1	Mirant Warrants (119 units) will be divested	Mirant	01/06
2			
3			
4			
5			
6			

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Reporting Individual's Name	SCHEDULE D	Page Number
O'Malia, Scott D		23 of 23

Part I: Positions Held Outside U.S. Government

Report any positions held during the applicable reporting period, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. **Exclude** positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

None ☒

	Organization *(Name and Address)*	Type of Organization	Position Held	From *(Mo., Yr.)*	To *(Mo., Yr.)*
Examples	Nat'l Assn. of Rock Collectors, NY, NY	Non-profit education	President	6/92	Present
	Doe Jones & Smith, Hometown, State	Law firm	Partner	7/85	1/00
1					
2					
3					
4					
5					
6					

Part II: Compensation in Excess of $5,000 Paid by One Source

Do not complete this part if you are an Incumbent, Termination Filer, or Vice Presidential or Presidential Candidate.

Report sources of more than $5,000 compensation received by you or your business affiliation for services provided directly by you during any one year of the reporting period. This includes the names of clients and customers of any corporation, firm, partnership, or other business enterprise, or any other non-profit organization when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

None ☒

	Source *(Name and Address)*	Brief Description of Duties
Examples	Doe Jones & Smith, Hometown, State	Legal services
	Metro University (client of Doe Jones & Smith), Moneytown, State	Legal services in connection with university construction
1		
2		
3		
4		
5		
6		

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January 15, 2008

Mr. John P. Dolan
Counsel and Alternate Designated
Agency Ethics Official
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Dear Mr. Dolan:

In regard to your review of my public financial disclosure report ("SF 278") and in anticipation of my nomination by President Bush, I wish to advise you of the steps I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed as Commissioner of the Commodity Futures Trading Commission.

As required by 18 U.S.C. 208(a), I will not participate personally or substantially in any particular matter that has a direct and predictable effect on my financial interest or those of any person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to 18 U.S.C. 208 (b)(1), or qualify for a regulatory exemption pursuant to 18 U.S.C. 208(b)(2). I understand that the interests of the following persons are imputed to me: my spouse, minor children, or any general partner; any organization in which I serve as an officer, director, trustee, general partner, or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

I own shares of Mirant Corporation common stock. I also own warrants for shares of Mirant Corporation common stock. Within 90 days of my confirmation, I will divest all of my common stock and my warrants in Mirant Corporation because ownership of them is a prohibited interest pursuant to CFTC's Regulation Concerning Conduct of Members and Employees and Former Members and Employees of the Commission at 17 C.F.R. § 140.735-2a(b)(2). If I divest these warrants by exercising them, I also will divest the resulting stock within 90 days of my confirmation. Until I have divested all of these financial interests, I will not participate personally and substantially in any particular matter that will have a direct and predictable effect on the financial interests Mirant Corporation, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

Sincerely,

Scott D. O'Malia

QUESTIONS AND ANSWERS

JUNE 4, 2008

Questions submitted by Chairman Tom Harkin,
U.S. Senate Committee on Agriculture, Nutrition, and Forestry

To Walter Lukken, nominated to serve as Chairman of the CFTC

During your tenure as acting Chairman, market prices for energy and agricultural commodities have reached record levels. The farm bill enacted last month includes a title to reauthorize the Commodity Exchange Act with oversight of retail foreign exchange transactions, improved monitoring of oil and natural gas transactions, and increased criminal and civil penalties for market manipulation. Do you believe that the CFTC has the authority that it needs to regulate commodity markets? Will you commit to using this authority fully?

The recent CFTC initiatives regarding the energy and agricultural markets should improve market transparency and oversight. Will you pledge to continue to work with this Committee to share information about the steps you have taken and any additional steps that are necessary to protect the integrity of the markets?

To Bart Chilton, nominated to serve as Commissioner for a term ending April 13, 2013

After serving on the Commission for almost 10 months, do you believe that speculation on energy exchanges affect the prices of commodities like oil and natural gas? Do you believe that the Commission has the necessary resources to monitor the energy exchanges?

To Scott O'Malia, nominated to serve as Commissioner for a term ending April 13,2012

Your experience with the Senate Energy Committee gives you an important perspective on the energy markets. Will you work to ensure that CFTC uses its authority to provide the necessary oversight over these markets?

Senator Crapo questions to CFTC nominees Walter Lukken, Bartholomew H. Chilton, and Scott O'Malia.

1. Congress just reaffirmed its position on the regulation of on-and-off exchange derivatives by recently passing the CFTC Reauthorization in the farm bill. The legislation reconfirms a fundamental achievement of the Commodities Futures Modernization Act that considers the differences in products and market participants and creates a structure that provides a specific intensity of regulatory oversight that corresponds with the needs of the markets. The risk-based, tiered regulatory structure includes designated contract markets, derivatives transaction executive facilities, and exempt markets, all of which are differentiated based upon the types of products offered and market participants. Additionally, the legislation follows the recommendations of the PWG and did not increase regulation of bilateral, over-the-counter derivatives transactions. Do you believe this legislation strikes the appropriate balance between protecting consumers and markets from trading abuses while ensuring continued growth and innovation in the U.S. markets?

2. For as long as there have been derivatives markets, some have painted speculators as a source of concern. But economists say that speculators are essential to providing markets with liquidity, without them markets would grind to a halt because of a mismatch between buyers and sellers, and ultimately it is supply and demand that determines prices. Could you tell me what the role of speculators is in these markets?

Questions submitted by Senator Charles E. Grassley

Question for Walt Lukken:

1) In 2007, the CFTC issued a "no-action" letter thereby declining to regulate the trading of the West Texas Intermediate (WTI) oil contracts on the Dubai Exchange. There appears to be a significant amount of trading in WTI contracts both on the Dubai Exchange and the Intercontinental Exchange in London. Given that, do you think CFTC has a responsibility to regulate WTI trading in these offshore exchanges?

Questions for all nominees:

1) Do you think that the CFTC has a responsibility to investigate or regulate the effect of speculation by major investors? Do you think the CFTC has acted aggressively enough to determine the impact of institutional investors and speculators on commodity markets?

2) Do you believe there is evidence that crude oil prices are being driven by speculators? If so, what do you believe is the CFTC's responsibility with regard to limiting the amount of institutional speculation?

3) Does CFTC currently have all the tools necessary to respond to the speculation in commodities by hedge funds, investment banks and pension funds? Does Congress need to act to provide additional authority to the CFTC? If so, please provide specific recommendations for additional authority.

4) Goldman Sachs and Morgan Stanley appear to be two of the largest energy trading financial institutions. Should CFTC regulate oil analysts with institutional speculators who forecast oil markets?

   If an investment bank with large positions in the commodity market makes a prediction that benefits the positions of the investment bank, is this price manipulation?

5) Do you believe that further oversight of commodities trading is needed in light of the increased pressure on margin calls and market volatility that has led to local elevators and major grain trading companies not being able to offer forward contracts to producers?

6) The press is reporting that recently the CFTC opened an investigation into the possibly of price manipulation in oil and cotton and may look at other commodity markets next including corn and wheat. Would you support doing so? Why or why not?

Senator Pat Roberts
Senate Agriculture Committee
CFTC Nominations
Statement and Questions for the Record
June 4, 2008

Thank you Mr. Chairman and Senator Chambliss for calling this hearing today.

The CFTC needs a full slate of qualified commissioners and I congratulate the nominees before us today. We need to get Sheriff Lukken and deputies Chilton and O'Malia sworn in soon so they can re-join commissioners Dunn and Sommers out on patrol. You have quite a challenge ahead of you. CFTC testimony itself has become a hot commodity on the hill.

Several of our colleagues are eager to get you in front of their committees to discuss the energy market, and I'm sure there will be more requests to come. Welcome back...or should I say welcome home since this committee has oversight jurisdiction.

Chairman Lukken, in your statement you reference the five fold increase in the volume of commodity trades. You say we are experiencing "extraordinary times in the markets."

You are right on.

I've heard from several constituents who are pleased to see additional liquidity and interest in the commodities market. For years producers have been saddled with low prices for their crops. In response, producers learned how to market their products to better manage their risks.

Many turned to the futures market for such risk management. Now the markets are providing better prices for producers. However, my constituents are quick to remind folks that input cost quickly eat away any market advantage from current prices.

This reason is precisely why our markets must be transparent and free from manipulation. Prices must be true and realized at the grain bin. Our farm bill is built on the assumption that the markets work. CFTC's responsibility is to ensure that market prices are truly reflected in futures contracts. Integrity in the marketplace must be the first priority of the CFTC.

Some of my colleagues have called for increased margin requirements on energy futures contracts to help maintain such integrity. I understand their concerns and encourage the CFTC to carefully examine those proposals. I fear that those outside of agriculture may see higher commodity prices as reason to increase agriculture margin rates.

Kansas, and I'm sure the home states of my colleagues, have experienced first hand the difficulties our elevators go through with increased margin calls. Kansas saw one elevator already file bankruptcy earlier this year. We don't want to see that happen again.

Exchanges have a responsibility to protect their risks, but at the same time, sellers need to be able to secure the necessary credit to continue their operations. There's a fine line to walk here and I hope folks understand that what may be good policy in the energy futures market may have unintended consequences in the agriculture commodities market.

I've conducted many town hall meetings over the last few months and can easily report that the number one domestic issue on the minds of my constituents is energy prices.

The new farm bill we passed recently gives you a bigger and brighter flashlight to use on Exempt Commercial Markets trading energy derivatives products. Furthermore, I applaud the commission for taking new initiatives, beyond the farm bill, to bring more transparency and accountability to energy markets, both domestically and overseas. I encourage and challenge you to continue to root out manipulation and shine a light on transactions where needed.

American producers and consumers deserve and depend upon their regulators to protect them from unsavory actors. As our sheriff, we're counting on you to use your six shooters, and to use them wisely and accurately.

Mr. Chairman, again, I thank you for calling this hearing today and I encourage my colleagues to move quickly on these nominations.

Questions:

1. As the volume of trade increases in the agriculture commodities market, what is the commission doing now and how will you in the future help to address convergence between futures and cash markets?

2. In March 2008, the CFTC and SEC signed a Memorandum of Understanding (MOU) to enhance coordination and facilitate review of new derivative products. SEC Chairman Cox and Acting CFTC Chairman Lukken jointly stated portfolio margining is an issue that should be addressed under the MOU. What is your position regarding the customer protection issues presented by cross-margining futures and securities in customer portfolio margin accounts under the MOU process? How long do you think it will take the CFTC and SEC to resolve these issues using the MOU?

Questions submitted by Senator John Thune

Mr. Chairman, in closing I'd like to hear from all three nominees how they intend to ensure as Commissioners of the CFTC, that commodity futures trading will continue to be a tool that can be effectively used for price protection by farmers who actually grow the agriculture commodities.

RESPONSE TO SENATE AGRICULTURE COMMITTEE QUESTIONS
FROM BART CHILTON
JUNE 12, 2008

Question Submitted by Chairman Tom Harkin

To Bart Chilton, nominated to serve as Commissioner for a term ending April 13, 2013

1) After serving on the Commission for almost 10 months, do you believe that speculation on energy exchanges affect the prices of commodities like oil and natural gas? Do you believe that the Commission has the necessary resources to monitor the energy exchanges?

Mr. Chairman, the CFTC has done a very good job looking at and instituting enforcement actions related to fraud, abuse and manipulation in the energy markets. As you may know, last fall the agency successfully negotiated the largest settlement in its history ($303 million) with British Petroleum. That said we have been doing our work partially in the dark. In 2000, the Commodity Futures Modernization Act (CFMA) created an exemption that allowed trading in unregulated energy markets. I am thankful for and appreciative of your efforts to close the "Enron Loophole," and am confident that this will give the agency the needed view into these important markets, and ensure that these markets work effectively for U.S consumers and businesses. I do not believe, however, that we currently have the staff to do the job that Congress has asked. The agency sought $151 million from the Administration. That amount did not include the additional $6 million we estimate we will need to address the oversight responsibilities created by the new authorities over the energy markets. Accordingly, the CFTC needs $157 million, yet the President's budget only calls for $130 million. This significant shortfall in funding represents a serious impediment to the agency's ability to carry out the important mandate recently granted by Congress.

Questions Submitted by Senator Pat Roberts

1) As the volume of trade increases in the agriculture commodities market, what is the commission doing now and how will you in the future help to address convergence between futures and cash markets?

Senator Roberts, thank you for your questions. The CFTC maintains a comprehensive market surveillance oversight program, and will continue to actively and consistently monitor all exchange-traded markets to detect and prevent fraud and manipulation and ensure the markets are functioning effectively for consumers and businesses. In recent years we have devoted an increasing percentage of agency resources to improving our computer and information systems capabilities in order to keep pace with the rapidly advancing technological changes in the futures industry. We will continue to keep abreast of these changes, as well as improving our global harmonization efforts to ensure that our markets are competitive with interconnected markets around the world.

2) In March 2008, the CFTC and SEC signed a Memorandum of Understanding (MOU) to enhance coordination and facilitate review of new derivative products. SEC Chairman Cox and Acting CFTC Chairman Lukken jointly stated portfolio margining is an issue that should be addressed under the MOU. What is your position regarding the customer protection issues presented by cross-margining futures and securities in customer portfolio margin accounts under the MOU process? How long do you think it will take the CFTC and SEC to resolve these issues using the MOU?

The CFTC has a long history with cross-margining programs, and has been extremely successful in ensuring the safety of customer funds pursuant to the financial responsibility rules under the Commodity Exchange Act. The strict segregation of funds rules required by the CEA provides that customer funds are protected, and the CFTC ensures that, in any cross-margining endeavor, those rules are strictly enforced. I look forward to working diligently with our counterparts at the SEC to comply with the statutory requirements in the law to develop true risk-sensitive portfolio margining regulations for security options and security futures products by September 30, 2009.

Questions submitted by Senator Mike Crapo

1) Congress just reaffirmed its position on the regulation of on-and-off exchange derivatives by recently passing the CFTC Reauthorization in the farm bill. The legislation reconfirms a fundamental achievement of the Commodities Futures Modernization Act that considers the differences in products and market participants and creates a structure that provides a specific intensity of regulatory oversight that corresponds with the needs of the markets. The risk-based, tiered regulatory structure includes designated contract markets, derivatives transaction executive facilities, and exempt markets, all of which are differentiated based upon the types of products offered and market participants. Additionally, the legislation follows the recommendations of the PWG and did not increase regulation of bilateral, over-the-counter derivatives transactions. Do you believe this legislation strikes the appropriate balance between protecting consumers and markets from trading abuses while ensuring continued growth and innovation in the U.S. markets?

I do believe the provisions of the CFTC reauthorization strike an appropriate balance. When Congress passed the farm bill, it took appropriate care to ensure market integrity and innovation. I believe that is appropriate and should serve as a roadmap for how legislative compromises occur should Congress decide to revisit any of these issues.

2) For as long as there have been derivatives markets, some have painted speculators as a source of concern. But economists say that speculators are essential to providing markets with liquidity, without them markets would grind to a halt because of a mismatch between buyers and sellers, and ultimately it is supply and demand that determines prices. Could you tell me what the role of speculators is in these markets?

As you aptly describe, speculators serve the vital role in markets of bridging the gap between buyers and sellers and adding necessary depth and liquidity to markets.

Question submitted by Senator John Thune

Mr. Chairman, in closing I'd like to hear from all three nominees how they intend to ensure as Commissioners of the CFTC, that commodity futures trading will continue to be a tool that can be effectively used for price protection by farmers who actually grow the agriculture commodities.

I'm pleased that in the last month the CFTC has announced several initiatives that I believe are an important first step to ensuring that futures markets remain a viable place for farmers and ranchers to manage risk.

These initiatives include: requiring more detailed information from index traders and swaps dealers in the futures markets, and a review of whether classification of these types of traders can be improved for regulatory and reporting purposes; withdraw of the proposed rulemakings that would have increased the federal speculative position limits on certain agricultural futures contracts and creation of a risk management hedge exemption from the federal speculative position limits for agricultural futures and option contracts.
In addition, the Commission announced greater risk management choices for farmers and agri-businesses. Specifically, the Commission tasked CFTC staff to review and propose revisions to improve the effectiveness of the current agricultural trade options (ATOs) program and asked them to develop a proposal for allowing the clearing of agricultural swaps. Both initiatives have the potential to provide farmers and grain merchandisers with another choice for managing price and basis risk with the benefit of centralized clearing and the regulatory transparency that accompanies clearing.

The Commission also directed CFTC staff to develop a new CFTC monthly publication on trader data for agricultural and other markets, beginning in July 2008, to provide greater market transparency.

CFTC staff will also begin coordinating with agricultural banking authorities, including the Federal Reserve Banks of Chicago and Kansas City as well as the Farm Credit Administration, regarding financing and credit issues arising from higher margins in the futures markets. As prices of all commodities rise, financing of margin levels becomes more difficult for commodity merchandisers and producers. This collaborated effort with agricultural lenders will facilitate an understanding of financing issues faced by market participants.

Finally, the Commission has asked the Agricultural Advisory Committee, under the leadership of Commissioner Michael Dunn, to work on several issues worthy of further industry input and study in the coming months, including: developing solutions for improving convergence in the futures and cash markets; discussing practices of exchanges on determining margin, daily price limits and methodologies of setting settlement prices; facilitating discussion on the role and size of over-the-counter agricultural swaps; and determining whether there are additional studies agricultural market users believe the Commission should undertake relevant to current agricultural commodity prices.

Questions submitted by Senator Charles E. Grassley

1) Do you think that the CFTC has a responsibility to investigate or regulate the effect of speculation by major investors? Do you think the CFTC has acted aggressively enough to determine the impact of institutional investors and speculators on commodity markets?

I believe we certainly have the responsibility to carry out such investigations. I believe that the CFTC needs to do a better job responding more quickly to these unprecedented events, and I believe one serious area of inquiry should be a review of the distinctions between groups of speculators to more fully understand their potential impact on markets.

2) Do you believe there is evidence that crude oil prices are being driven by speculators? If so, what do you believe is the CFTC's responsibility with regard to limiting the amount of institutional speculation?

I believe that the monumental increase in speculative interest this market has had an effect in driving prices up. That said, there are certainly intelligent people who disagree with that opinion. I have not seen studies that quantify their effect, and I think that's an important area of inquiry. I know that there are other factors that have contributed to price increases, including but are not limited to the devalued dollar and our generally weak economy. I have not been presented with any evidence of illegal fraud, abuse or manipulation in the markets, but that does not mean it isn't there or that we should probe for it. That is why I think the CFTC needs to do all we can to search for any such abuses and to delineate further than the Commission has done various categories of traders to review their impact on the markets.

3) Does CFTC currently have all the tools necessary to respond to the speculation in commodities by hedge funds, investment banks and pension funds? Does Congress need to act to provide additional authority to the CFTC? If so, please provide specific recommendations for additional authority.

While we have the necessary statutory and legal authorities to address excessive speculation and market manipulation, we are very strapped in the area of human resources. We have 150 fewer employees now than we did at our highest employment figure in nearly 600 in 1992. This, at a time when the markets have more traders, more volume, and more volatility than ever before.

In addition the legislative fix to fix the Enron loophole will further tax our scarce resources, so too will passage of potential legislation to close the so-called London loophole. I am hopeful that such legislation will indeed pass, but at such a time we will need to have the necessary resources to successfully carry out our responsibilities under such new authority.

4) Goldman Sachs and Morgan Stanley appear to be two of the largest energy trading financial institutions. Should CFTC regulate oil analysts with institutional speculators who forecast oil markets?

The CFTC currently regulates commodity trading advisors, who give advice regarding trading in commodity markets. We have specific statutory and regulatory authorities with regard to these entities, depending on the type of advice given, as well as the nature of the client.

If an investment bank with large positions in the commodity market makes a prediction that benefits the positions of the investment bank, is this price manipulation?

Manipulation is defined pursuant to commission and federal case law, and proof of manipulation is heavily dependent upon the intent of the parties involved. To respond to this specific question would require a fact-specific inquiry into the intent of the parties.

5) Do you believe that further oversight of commodities trading is needed in light of the increased pressure on margin calls and market volatility that has led to local elevators and major grain trading companies not being able to offer forward contracts to producers?

I believe the oversight and surveillance of the ag markets has functioned properly to date. However, farmers and ranchers need credit availability to ensure that they can make margin calls. That may be more appropriately an issue for other financial service sector regulators in coordination with the farm lending sector. I am pleased that the CFTC has said that we will be working with our fellow regulators in this regard.

6) The press is reporting that recently the CFTC opened an investigation into the possibly of price manipulation in oil and cotton and may look at other commodity markets next including corn and wheat. Would you support doing so? Why or why not?

Thank you for the questions and your leadership on behalf of farmers across the country, Senator Grassley. In short, yes, I would support investigating potential manipulation of any derivatives contract. Furthermore, I believe that anything less would be a dereliction of my duty as a Commissioner.

Walter Lukken, of Indiana, nominated to serve as Chairman of the Commodity Futures Trading Commission

Questions submitted by Chairman Tom Harkin

1) **During your tenure as acting Chairman, market prices for energy and agricultural commodities have reached record levels. The farm bill enacted last month includes a title to reauthorize the Commodity Exchange Act with oversight of retail foreign exchange transactions, improved monitoring of oil and natural gas transactions, and increased criminal and civil penalties for market manipulation. Do you believe that the CFTC has the authority that it needs to regulate commodity markets? Will you commit to using this authority fully?**

The authorities provided this agency by Congress with the adoption of the Farm Bill last month will significantly enhance the CFTC's ability to police the commodity futures and options markets and I am committed to fully implementing these measures in a timely manner and aggressively enforcing the Commodity Exchange Act. As the agency charged with overseeing and regulating these markets, the CFTC recognizes that they play a critical role in the U.S. economy by providing risk management tools that producers, distributors, and commercial users of commodities use to protect themselves from unpredictable price changes. Moreover, the futures markets also play a price discovery role as participants in related cash and over-the-counter markets look to futures markets to discover prices that accurately reflect information on supply, demand, and other factors.

I thank you and this Committee for your leadership and hard work on the enactment of additional regulatory authority for the CFTC, as well as reauthorization of the agency, as part of the Farm Bill. We are already working to put this new authority into effect to improve transparency in energy markets and combat fraud in retail foreign currency transactions. This new policing authority is critically important for the proper oversight of these markets. Nevertheless, should additional authority become necessary as market or regulatory conditions evolve, I will inform the Committee accordingly.

2) **The recent CFTC initiatives regarding the energy and agricultural markets should improve market transparency and oversight. Will you pledge to continue to work with this Committee to share information about the steps you have taken and any additional steps that are necessary to protect the integrity of the markets?**

I have and will continue to work with the Committee to share information on developments related to the agricultural and energy initiatives announced recently by the Commission, and any future steps that the CFTC may take to protect the integrity of the markets. The Committee has provided important oversight for this Commission over its existence and I am committed to upholding this collaborative and positive working relationship during my tenure.

Questions submitted by Senator Pat Roberts

1) **As the volume of trade increases in the agriculture commodities market, what is the Commission doing now and how will you in the future help to address convergence between futures and cash markets?**

The CFTC understands that convergence between futures and cash markets is critical for producers and agri-business as they seek to manage risk in their operations. An important part of the CFTC staff mission is to closely monitor the basis relationships of commodities in striving to protect the markets from manipulation and abuse. Convergence was a key topic discussed by a number of market participants who attended our April 22, 2008 roundtable on agricultural markets. As a result of this forum, the Commission announced a number of agricultural initiatives on June 3, 2008, including the development of a proposal to routinely require more detailed information from index traders and swaps dealers in the futures markets. The Commission also voted to withdraw the proposed rulemakings that would have increased the Federal speculative position limits on certain agricultural futures contracts due to concerns regarding the addition of speculative interests during this unprecedented time in commodity prices. Due to the complexity of the convergence issue and the need for additional industry input, the Commission also asked the Agricultural Advisory Committee, under the leadership of Commissioner Michael Dunn, to work to develop other solutions for improving convergence in the futures and cash markets. Be assured that the Commission and its staff will continue to work to improve convergence in the futures and cash markets to ensure that producers and rural businesses can confidently utilize these risk management and hedging instruments.

2) **In March 2008, the CFTC and SEC signed a Memorandum of Understanding (MOU) to enhance coordination and facilitate review of new derivative products. SEC Chairman Cox and Acting CFTC Chairman Lukken jointly stated portfolio margining is an issue that should be addressed under the MOU. What is your position regarding the customer protection issues presented by cross-margining futures and securities in customer portfolio margin accounts under the MOU process? How long do you think it will take the CFTC and SEC to resolve these issues using the MOU?**

As the evolution of the securities and futures markets continues, one of our most important regulatory relationships is with the SEC and there is much work we can do to rationalize our differing approaches to regulation. As you mention, in March 2008 the SEC and CFTC took a historic step in improving and formalizing our regulatory coordination of the marketplaces we oversee. With our Commissions' support, Chairman Cox and I signed a memorandum of understanding (MOU) that will help the agencies share information as well as coordinate our review of novel derivative products that have attributes of both securities and futures. Additional topics we plan to tackle under this agreement, in order to meet the directives in the recent CFTC reauthorization provisions of the Farm Bill, include risk-based portfolio

margining for security options and security futures products and foreign security indixes. The subject raised in your question -- portfolio margining or cross-margining between securities and futures accounts -- is beneficial for the markets because it helps to eliminate risk in the portfolios of market users and gives regulators a broader view of market positions and risk. I believe that a solution for implementing risk-based portfolio margining for customers and their clearing intermediaries is realistically achievable. However, it is imperative that we get the input of both the securities and futures industries because they can provide us with valuable information on operational and risk management issues. My specific interest is the CFTC's ability to uphold the current customer protection mechanism that is mandated by the Commodity Exchange Act. Under our current statutory structure, it is required that any customer's futures positions and funds supporting such positions be strictly segregated from that of other customers and from the broker itself. It is the adherence to this statutory regime that has resulted in customers with futures positions receiving favorable treatment under the Bankruptcy Code in the event of the insolvency of the broker. These segregated funds also provide the first level of protection for the clearinghouse should a customer default cause systemic concerns. Given the complexities of the issues involved and the important policy concerns at play, the agencies want to be measured and balanced in their approach as they strive toward finding a workable market solution in the coming months.

Questions submitted by Senator Mike Crapo

1) **Congress just reaffirmed its position on the regulation of on-and-off exchange derivatives by recently passing the CFTC Reauthorization in the farm bill. The legislation reconfirms a fundamental achievement of the Commodities Futures Modernization Act that considers the differences in products and market participants and creates a structure that provides a specific intensity of regulatory oversight that corresponds with the needs of the markets. The risk-based, tiered regulatory structure includes designated contract markets, derivatives transaction executive facilities, and exempt markets, all of which are differentiated based upon the types of products offered and market participants. Additionally, the legislation follows the recommendations of the PWG and did not increase regulation of bilateral, over-the-counter derivatives transactions. Do you believe this legislation strikes the appropriate balance between protecting consumers and markets from trading abuses while ensuring continued growth and innovation in the U.S. markets?**

I agree with you that the legislation's provisions increasing regulatory oversight of exempt commercial markets strike the appropriate balance. As you know, the CFTC held a public hearing on this matter on September 18, 2007. As a result of that hearing, the Commission submitted a detailed report to Congress and a legislative proposal for additional authority over exempt commercial markets. The legislative enhancements for exempt commercial markets are, in my opinion, appropriate to provide increased transparency while maintaining the basic tiered structure established by the CFMA – a structure that has allowed competition, growth and innovation.

2) **For as long as there have been derivatives markets, some have painted speculators as a source of concern. But economists say that speculators are essential to providing markets with liquidity, without them markets would grind to a halt because of a mismatch between buyers and sellers, and ultimately it is supply and demand that determines prices. Could you tell me what the role of speculators is in these markets?**

Speculators play an important role in serving the needs of hedgers by standing ready to absorb - for a price - the hedger's unwanted risk. The liquidity provided by speculators helps reduce the costs faced by hedgers in using the futures market and makes markets more efficient. Based on my experience, if a futures contract is to succeed as a hedging vehicle for commercial businesses, the contract must attract an appropriate amount of speculators.

Question submitted by Senator John Thune

1) **Mr. Chairman, in closing I'd like to hear from all three nominees how they intend to ensure as Commissioners of the CFTC, that commodity futures trading will continue to be a tool that can be effectively used for price protection by farmers who actually grow the agriculture commodities.**

Farmers depend on the futures markets directly for hedging their price risks and rely on the markets indirectly for price discovery in making future production and marketing decisions. The Commission is continuing its vigorous oversight efforts to uphold the integrity of the futures markets and assure that these markets are free from manipulation and fraud.

In this context, however, I believe that certain enhancements are necessary given recent record prices experienced by most agricultural commodities, and I have worked with my fellow Commissioners, and with a broad spectrum of interested participants in the agricultural markets, to address these concerns.

The Commission held a roundtable on agricultural market issues on April 22, 2008. After reviewing the statements made during the forum itself and the comments submitted by the public, the Commission decided to undertake several initiatives specifically related to agricultural markets. On June 3rd the Commission announced several initiatives derived from its agricultural roundtable, including the public disclosure of an on-going cotton investigation surrounding the March price run-up, the review of whether index traders are being properly classified for regulatory and reporting purposes, the official withdrawal of two proposals regarding speculative participation in the agricultural markets, and the development of additional risk management products for producers, including agricultural trade options and cleared agricultural swaps.

With these initiatives, it is my goal and the goal of this agency to ensure that the agricultural futures markets continue to effectively perform their price discovery and risk

management roles for farmers. The agricultural markets are the roots of this agency and I will continue to work with CFTC staff and my fellow Commissioners on these important matters.

Questions submitted by Senator Charles E. Grassley

Question for Walt Lukken:

1) **In 2007, the CFTC issued a "no-action" letter thereby declining to regulate the trading of the West Texas Intermediate (WTI) oil contracts on the Dubai Exchange. There appears to be a significant amount of trading in WTI contracts both on the Dubai Exchange and the Intercontinental Exchange in London. Given that, do you think CFTC has a responsibility to regulate WTI trading in these offshore exchanges?**

I share your concerns about the need for the utmost transparency and integrity in the energy futures markets and the CFTC is devoting all available agency resources to fulfilling our mandate to protect and ensure the integrity of the commodity futures and options markets that we are charged with regulating under the Commodity Exchange Act. Today, roughly 75 percent of the benchmark light sweet crude oil futures contract is traded in the U.S. at the CFTC-regulated NYMEX exchange while approximately 25 percent of the volume is traded in London at the U.K.-regulated ICE Europe futures exchange. During crude oil's run-up over the last year, ICE Europe's market share for this contract has been diminishing from over 33 percent to its current level. The Dubai Mercantile Exchange (DME), which has partnered with partial owner NYMEX for its clearing and market surveillance services, has received a FBOT relief letter from the CFTC but is not currently trading this U.S. benchmark crude oil contract.

Most energy and agricultural commodities, like crude oil, are global commodities operating in a global marketplace. The futures markets are also increasingly transcending national boundaries, with new futures exchanges developing and growing in all parts of the world. In this environment of increasing globalization, it is essential that financial regulators work cooperatively across national borders to achieve continued effective oversight of these global markets.

For over a decade, the CFTC has worked to develop international regulatory networks, to increase international cooperation, to promote responsible innovation and fair competition, and – most importantly – to maintain and improve oversight of U.S. futures markets in the face of increasing globalization. Accordingly, in 1996, the CFTC developed a process that enabled overseas exchanges to place direct access trading terminals with their U.S. members once the CFTC staff had made the determination that the FBOT and its regulator abide by comparable regulatory objectives. Permission to place trading terminals in the U.S. was made subject to a number of conditions, thereby enabling the agency to better safeguard the U.S. markets. This process is consistent with

the Congressional findings and Sense of the Congress set forth in the CFMA regarding the CFTC's international activities.

In 2006, the FBOT process evolved when ICE Futures Europe – formerly the International Petroleum Exchange (IPE), headquartered in London and regulated by the United Kingdom's Financial Services Authority (FSA) – began trading a cash-settled light crude oil futures contract in direct competition with and linked to the settlement price of the West Texas Intermediate (WTI) crude oil contract traded on NYMEX. The listing of the ICE Futures Europe WTI crude oil futures contract was unique from a regulatory point of view because it was the first listing of an FBOT contract that was pegged to an existing regulated futures contract traded on a U.S.-based exchange. ICE Futures Europe allowed its U.S. members to directly trade this product by utilizing a 1999 CFTC staff no-action letter (that had been issued to IPE).

At that time, even though the ICE Futures Europe contract is settled through cash payments and not the physical delivery of crude oil, the CFTC recognized the concern you have expressed that ICE Futures Europe's cash settled WTI crude oil contract could affect U.S. markets. The Commission and its surveillance staff were concerned that regulators would not be able to observe the entirety of a trader's position in both markets, which would increase the possibility of trading abuses.

Accordingly, in June 2006, the Commission held a public hearing to examine the regulatory implications of the Commission's FBOT program and published in the Federal Register a request for public comment on what constitutes a "board of trade, exchange, or market located outside the United States" as that phrase is used in Section 4(a) of the Commodity Exchange Act (CEA). On October 31, 2006, after a thorough review of witness testimony and public comments, a unanimous Commission issued a Statement of Policy affirming its FBOT process with certain enhancements, including enhancements to ensure proper cross-border information sharing by regulatory authorities.

The Commission's FBOT program provides the CFTC with a mechanism to obtain data concerning trading on FBOTs, thus increasing the transparency of linked energy futures contracts and improving our ability to conduct vigilant oversight of our regulated exchanges. Without the data obtained through the FBOT information sharing process, trading in overseas markets would be largely opaque to the CFTC, including trading by U.S. persons on overseas markets using foreign brokers, affiliates, and subsidiaries.

For purposes of vigilant market oversight, on May 29, 2008 the Commission announced several initiatives to bring more transparency to the energy markets. The first set of those initiatives resulted from an agreement with the FSA and ICE Futures Europe for expanded information-sharing for oversight of contracts based on energy commodities, including the WTI crude oil futures contracts that trade on both NYMEX and ICE Futures Europe. The FSA and ICE Futures Europe agreed to the following enhanced information sharing measures: (1) Immediately implementing expanded information-sharing to provide the CFTC with daily large trader positions in the ICE Futures Europe WTI crude oil contract; (2) Extending trader information sharing to provide crude oil large trader position data for all contract months in the ICE Futures Europe WTI contract,

not just the nearby months; (3) A near-term commitment to enhance trader information to permit more detailed identification of market end users; (4) A near-term commitment to provide improved data formatting so trading information can be seamlessly integrated into the CFTC's surveillance system; and (5) In addition to the established position management program that FSA currently requires of ICE Futures Europe, ICE Futures Europe will notify the CFTC when traders exceed position accountability levels, as established by U.S. exchanges, for WTI crude oil contracts. I am confident that these recently-announced modifications will expand information sharing between the CFTC and the FSA, and will enhance their oversight of their respective crude oil markets.

Congress and the Commission share the same goal of protecting American consumers and ensuring the integrity of our futures markets. We will continue to work with Congress as we strive to improve our FBOT program and harmonize our regulation and oversight of futures and option markets with international regulators. The Commission shares your commitment to increase transparency in the energy marketplace and to ensure that market prices are set not by abusive or manipulative practices, but by the laws of supply and demand.

Questions for all nominees:

1) **Do you think that the CFTC has a responsibility to investigate or regulate the effect of speculation by major investors? Do you think the CFTC has acted aggressively enough to determine the impact of institutional investors and speculators on commodity markets?**

Such turbulent economic times for Americans require regulators to remain diligent in their efforts to protect the markets from abuse and to enhance market oversight in order to serve the greater public interest. Just two weeks ago the CFTC announced its national crude oil investigation and several other important energy initiatives, including a new agreement with the FSA to expand the data received from institutions trading crude oil products abroad. The CFTC also announced that it will use its authorities to demand more detailed data from energy market participants on the amount of index fund money coming into the markets and to examine whether these funds are properly classified for regulatory and reporting purposes. These initiatives are critical to ensure that no one class of market participant is trying to artificially influence prices, and we are working hard to implement all of them expeditiously.

In addition to these measures, the CFTC has the on-going responsibility to ensure that the markets are free from manipulation and fraud, and to ensure that the markets operate efficiently and effectively. The CFTC has a statutory responsibility to act against any market participant—whether a commercial participant or speculator—who engages in activities that disrupt the markets. To that end, we have a staff of market analysts and economists who continually conduct surveillance of the markets to make sure the markets are free from wrongdoing.

The current market environment raises questions about the role that speculators play in affecting prices in the futures markets. The proper and efficient functioning of the futures markets requires both speculators and hedgers. Overly restrictive limitations on the number of speculative positions held by individuals or entities could impair market liquidity, which in turn makes hedging more costly and less effective. In the absence of reasonable hedging opportunities, commercial businesses may be forced to increase prices to compensate for unhedged risk. Diminishing the ability of futures markets to serve their hedging and price discovery functions would likely have negative consequences for commerce in commodities and ultimately, for the nation's economy.

Of course, the CEA recognizes that excessive speculation can be detrimental to the markets. Under Section 4a of the CEA, the concept of "excessive speculation" is based on trading that results in "sudden or unreasonable fluctuations or unwarranted changes in the price" of commodities underlying futures transactions. The CEA does not make excessive speculation a *per se* statutory violation, but rather, requires the Commission to enact regulations to address such trading (for example, through speculative position limits).

The Commission has utilized its authority to set limits on the amount of speculative trading that may occur or speculative positions that may be held in contracts for future delivery in agricultural markets. All agricultural futures and options contracts are subject to either Commission or exchange spot-month speculative position limits. The CEA also requires exchanges to impose speculative and/or accountability limits for other commodities such as crude oil.

In addition to these controls, the CFTC devotes many resources to its market surveillance of large traders in the markets. The CFTC receives a tremendous amount of data every day about market fundamentals, futures trading activity, and, most importantly, confidential data about traders participating in the markets. The agency's Large-Trader Reporting System is the cornerstone of our surveillance system. Under that system, clearing members, futures commission merchants (FCMs), foreign brokers, and individual traders file confidential reports with the CFTC each day, reporting positions and identifying each large trader in each designated contract market (DCM). For example, the CFTC receives the trading data of approximately 97 percent of total open interest in the NYMEX WTI crude oil contract.

To complement the extensive surveillance program, the CFTC's enforcement division has an impressive record of punishing those who attempt to manipulate the markets. During the last five years, the enforcement division has maintained a record level of investigations and prosecutions in nearly all market areas, including manipulation, attempted manipulation, squeezes and corners, false reporting, hedge fund fraud, off-exchange foreign currency fraud, brokerage compliance and supervisory violations, wash trading, trade practice misconduct, and registration issues. Enforcement also routinely assists in related criminal prosecutions by domestic and international law enforcement bodies. Through those efforts, during the past five years (April 2003 – March 2008), the CFTC has assessed more than $2 billion in monetary sanctions, which include civil monetary penalties and orders to pay restitution and disgorgement.

2) **Do you believe there is evidence that crude oil prices are being driven by speculators? If so, what do you believe is the CFTC's responsibility with regard to limiting the amount of institutional speculation?**

Current market circumstances require regulators to aggressively evaluate the underlying causes of the recent run-up in crude oil prices. On June 10, the CFTC announced the formation of a CFTC-led interagency task force to evaluate developments in commodity markets. The task force – which includes staff representatives from the CFTC, Federal Reserve, Department of the Treasury, Securities and Exchange Commission, Department of Energy, and Department of Agriculture – will examine investor practices and fundamental supply and demand factors, and study the role of speculators and index traders in the commodity markets. It is intended to bring together the best and brightest minds in government to aid public and regulatory understanding of the forces that are affecting the functioning of these markets and it will strive to complete its work quickly and make public its results.

CFTC staff has studied these markets to better understand the components of price increases and market growth. Staff economic analysis of crude oil prices and the market share of active speculators (managed money traders) shows that while WTI crude oil futures contract prices have more than doubled, managed money positions, as a percentage of the overall market, have not changed significantly. More specifically, the recent crude oil price increases have occurred with no significant change in net speculative positions. In other words, the amount of long positions held by speculators (those who believe prices will increase) compared to the amount of short positions held by speculators (those who believe prices will fall) equates to a roughly 4 percent net long position by speculators and this level has remained constant over many months. One would expect that if speculative interests were driving prices, their net long positions would be a much higher percentage.

Nevertheless, this agency, in conjunction with the CFTC-led Interagency Task Force, will continue to study these matters closely to determine whether speculative market participants are artificially driving prices. It is imperative that these markets are working properly.

3) **Does CFTC currently have all the tools necessary to respond to the speculation in commodities by hedge funds, investment banks and pension funds? Does Congress need to act to provide additional authority to the CFTC? If so, please provide specific recommendations for additional authority.**

The recent legislative enhancements to surveillance of certain energy contracts traded on exempt commercial markets will be very helpful for the CFTC in carrying out its mission. We are currently implementing these new authorities. Moreover, we are also using our existing authority to review the effects of speculation in both energy and agricultural markets. In the last two weeks, the CFTC announced it will develop a

proposal to routinely require more detailed information from index traders and swap dealers in the futures markets, and review whether classification of these types of traders can be improved for regulatory and reporting purposes. The Commission also voted to withdraw the proposed rulemakings that would have increased the Federal speculative position limits on certain agricultural futures contracts and created a risk management hedge exemption from the Federal speculative position limits for agricultural futures and option contracts.

The Commission will continue to study whether additional tools are necessary and will promptly inform Congress should further authorities be required.

4) **Goldman Sachs and Morgan Stanley appear to be two of the largest energy trading financial institutions. Should CFTC regulate oil analysts with institutional speculators who forecast oil markets?**

   If an investment bank with large positions in the commodity market makes a prediction that benefits the positions of the investment bank, is this price manipulation?

The CFTC has the authority to investigate and prosecute any person or entity that knowingly reports false information concerning a commodity in interstate commerce or that manipulates or attempts to manipulate the price of a commodity in interstate commerce.

Manipulation is a felony under the CEA and exists if a person or entity specifically intended to create an artificial price, had the ability to affect prices, and actually caused an artificial price to exist. An artificial price is a price that is not the product of the forces of supply and demand. In the context of market opinions and commentary, if such reported information is an honest opinion based on economic analysis, it would likely be difficult to prove that the forecaster intended to create an artificial price.

Given that the futures markets are designed in part for market participants and the public to discover prices, the futures markets depend on all honest and legitimate information to be included in the price formation process. The CFTC is vigilant in its role to protect the price discovery process and has been very aggressive in prosecuting any person or entity that reports false information concerning a commodity in interstate commerce. From December 2002 to date, the Commission has filed a total of 39 enforcement actions charging a total of 38 companies and 26 individuals with violations relating to misconduct in the energy markets. Moreover, 29 of these 39 actions included charges of reporting false information. The Commission has obtained $444,852,500 in civil monetary penalties in the actions that have settled to date.

5) **Do you believe that further oversight of commodities trading is needed in light of the increased pressure on margin calls and market volatility that has led to local elevators and major grain trading companies not being able to offer forward contracts to producers?**

Current agricultural price levels, combined with record energy costs, have put a strain on consumers as well as many producers and commercial participants that utilize the futures markets to manage risk and discover prices, especially those who use forward contracts to sell what they produce. Protecting the integrity of these markets, as well as the public that relies on the accuracy of their prices, lies at the heart of the CFTC's core mission and the CFTC works very hard in its oversight function to ensure that the markets work properly. I believe we are achieving this goal within our current oversight authority.

The Commission held a roundtable on agricultural market issues on April 22, 2008. After reviewing the statements made during the forum itself and the comments submitted by the public, the Commission decided to undertake several initiatives specifically related to agricultural markets. On June 3rd, the Commission announced several proposals derived from its agricultural roundtable, including the public disclosure of an on-going cotton investigation surrounding the March price run-up, the review of whether index traders are being properly classified for regulatory and reporting purposes, the official withdrawal of two proposals regarding speculative participation in the agricultural markets, and the development of additional risk management products for producers, including agricultural trade options and cleared agricultural swaps.

Specific to concerns regarding agricultural financing resulting from higher margins, the Commission also announced that CFTC staff is coordinating with agricultural banking authorities, including the Federal Reserve Banks of Chicago and Kansas City as well as the Farm Credit Administration, regarding financing and credit issues arising from higher margins in the futures markets. As prices of all commodities rise, financing of margin levels becomes more difficult for commodity merchandisers and producers. The CFTC is working with agricultural lenders to facilitate an understanding of financing issues faced by market participants.

Lastly, the Commission asked the CFTC's Agricultural Advisory Committee, under the leadership of Commissioner Michael Dunn, to work on several issues worthy of further industry input and study in the coming months, including developing solutions for improving convergence in the futures and cash markets and discussing practices of exchanges on determining margin, daily price limits and methodologies of setting settlement prices.

It is the Commission's belief that—although no single solution exists—there are several steps it can take to improve oversight of the agricultural futures markets and bring greater transparency and scrutiny to the types of traders in the marketplace.

6) **The press is reporting that recently the CFTC opened an investigation into the possibly of price manipulation in oil and cotton and may look at other commodity markets next including corn and wheat. Would you support doing so? Why or why not?**

The Commission's Division of Enforcement aggressively investigates and prosecutes alleged violations of the CEA and Commission regulations, including price manipulation. The Commission has taken the extraordinary step of publicly disclosing the existence of our nationwide crude oil investigation and our cotton market investigation. Although the Commission conducts enforcement investigations in full confidentiality, today's unprecedented market conditions warranted that disclosure. In addition to the Commission's enforcement activities, Commission Market Oversight staff conducts regular surveillance of these markets to determine whether there are any suspicious trading patterns or apparent anomalies that may indicate an attempt to manipulate, and brief the Commission weekly on their surveillance activities.

That being said, I fully support taking all actions within this agency's power to prevent, root out, and prosecute price manipulation in any commodity market.

RESPONSE TO SENATE AGRICULTURE COMMITTEE QUESTIONS
FROM SCOTT O'MALIA
JUNE 9, 2008

CHAIRMAN TOM HARKIN:

Q: Your experience with the Senate Energy Committee gives you an important perspective on the energy markets. Will you work to ensure that CFTC uses its authority to provide the necessary oversight over these markets?

A: Yes I will. If confirmed I will work to implement the legislative reforms included in the 2008 Farm Bill. The CFTC also announced two new initiatives to improve trade collection and dissemination efforts in both the areas of agriculture and energy markets. These new tools will be useful to gain a better understanding of the trade data and the nature of the trades in order to inform future policy decisions.

SENATOR PAT ROBERTS:

Q: As the volume of trade increases in the agriculture commodities market, what is the commission doing now and how will you in the future help to address convergence between futures and cash markets?

A: This issue was touched upon during the CFTC Agriculture hearing and there were several witnesses who expressed concern over the lack of convergence. If confirmed, I will carefully review the policies in place today as well as other potential remedies.

Q: In March 2008, the CFTC and SEC signed a Memorandum of Understanding (MOU) to enhance coordination and facilitate review of new derivative products. SEC Chairman Cox and Acting CFTC Chairman Lukken jointly stated portfolio margining is an issue that should be addressed under the MOU. What is your position regarding the customer protection issues presented by cross-margining futures and securities in customer portfolio margin accounts under the MOU process? How long do you think it will take the CFTC and SEC to resolve these issues using the MOU?

A: I am unaware of the current status of negotiations. However, if confirmed I will work with the other Commissioners to ensure that consumer interests are represented in these negotiations.

SENATOR MIKE CRAPO:

Q: Congress just reaffirmed its position on the regulation of on-and-off exchange derivatives by recently passing the CFTC Reauthorization in the farm bill. The legislation reconfirms a fundamental achievement of the Commodities Futures Modernization Act that considers the differences in products and market participants and creates a structure that provides a specific intensity of regulatory oversight that corresponds with the needs of the markets. The risk-based, tiered regulatory structure includes designated contract markets, derivatives transaction executive facilities, and exempt markets, all of which are differentiated based upon the types of products offered and market participants. Additionally, the legislation follows the recommendations of the PWG and did not increase regulation of bilateral, over-the-counter derivatives transactions. Do you believe this legislation strikes the appropriate balance between protecting consumers and markets from trading abuses while ensuring continued growth and innovation in the U.S. markets?

A: The 2008 Farm Bill does recognize the evolution of the futures markets since CFMA in 2000 and takes the appropriate steps to increase disclosure of those contracts traded on Exempt Commercial Markets that now serve a significant price discovery role. The bipartisan reforms apply the appropriate oversight reforms, and should not discourage growth in other contracts.

Q: For as long as there have been derivatives markets, some have painted speculators as a source of concern. But economists say that speculators are essential to providing markets with liquidity, without them markets would grind to a halt because of a mismatch between buyers and sellers, and ultimately it is supply and demand that determines prices. Could you tell me what the role of speculators is in these markets?

A: Speculators play a vital role in providing liquidity to a market. Futures markets would not provide an effective hedging tool for commercial participants if it were not for the role speculators play in taking the opposition position. If confirmed, I will work to ensure the markets continue to play an essential role in price discovery and risk management.

SENATOR JOHN THUNE

Q: Mr. Chairman, in closing I'd like to hear from all three nominees how they intend to ensure as Commissioners of the CFTC, that commodity futures trading will continue to be a tool that can be effectively used for price protection by farmers who actually grow the agriculture commodities.

A: The principal-based regulation framework implemented in 2000 has facilitated tremendous growth in the futures markets. The 2008 Farm Bill affirmed this regulatory structure and added several legislative reforms that will improve the market oversight responsibilities of the CFTC. If confirmed, I will continue to work to ensure that the appropriate price discovery and risk management functions are protected for farmers.

SENATOR CHARLES GRASSLEY:
Q: Do you think that the CFTC has a responsibility to investigate or regulate the effect of speculation by major investors? Do you think the CFTC has acted aggressively enough to determine the impact of institutional investors and speculators on commodity markets?

A: The Commodities Exchange Act does provide the CFTC with authority to address "excessive speculation." The Commission has recently announced efforts to increase the data collection and oversight authorities in both the Agriculture and Energy markets. If confirmed, I will take a fresh look at the issue of speculation to determine if the Commission actions thus far have been sufficient as well as use the new data to ensure that markets don't become overheated and fail to serve the important price discovery and risk management functions for which they were created.

Q: Do you believe there is evidence that crude oil prices are being driven by speculators? If so, what do you believe is the CFTC's responsibility with regard to limiting the amount of institutional speculation?

A: Until I am able review CFTC trade data on futures markets, I do not have sufficient information to make a decision. However, recent comments regarding the speculative bubble in energy and agriculture markets do warrant a very thorough investigation. If confirmed, I will investigate the data to ensure market prices are based on fundamentals, rather impacted by fraud, manipulation or other abusive trading practices.

Q: Does CFTC currently have all the tools necessary to respond to the speculation in commodities by hedge funds, investment banks and pension funds? Does Congress need to act to provide additional authority to the CFTC? If so, please provide specific recommendations for additional authority.

A: Until I am confirmed and have the opportunity to review the trade data, I will reserve judgment as to whether any legislative changes are required beyond the reforms included in the 2008 Farm Bill.

Q: Goldman Sachs and Morgan Stanley appear to be two of the largest energy trading financial institutions. Should CFTC regulate oil analysts with institutional speculators who forecast oil markets?

If an investment bank with large positions in the commodity market makes a prediction that benefits the positions of the investment bank, is this price manipulation?

A: I would like to better understand the data collected by the CFTC to better understand trading positions and the nature of the trades by these companies, as well as investigate the impact forecasts have on trading activity within their companies. If confirmed, I will carefully review the issues you have raised.

Q: Do you believe that further oversight of commodities trading is needed in light of the increased pressure on margin calls and market volatility that has led to local elevators

and major grain trading companies not being able to offer forward contracts to producers?

A: I am very concerned about the unintended consequences of increased margin requirements. It was evident from the CFTC Agriculture Markets hearing that many farmers and elevators are not able to take advantage of these markets as a result of tight credit and the extraordinary growth in commodity market prices. If confirmed, I will give careful consideration to this matter.

Q: The press is reporting that recently the CFTC opened an investigation into the possibly of price manipulation in oil and cotton and may look at other commodity markets next including corn and wheat. Would you support doing so? Why or why not?

A: Until I am confirmed I have no access to enforcement or trade data. However, if confirmed, I intend to ensure that the CFTC will not tolerate market manipulation in any futures market, including corn and grain.

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