

110TH CONGRESS  
1ST SESSION

# H. R. 3009

To enhance transparency of trading in over-the-counter derivatives in natural gas.

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IN THE HOUSE OF REPRESENTATIVES

JULY 12, 2007

Mr. BARROW (for himself and Mr. GRAVES) introduced the following bill;  
which was referred to the Committee on Agriculture

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## A BILL

To enhance transparency of trading in over-the-counter derivatives in natural gas.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Market Transparency  
5 Reporting of United States Transactions Act of 2007”.

6 **SEC. 2. OVER-THE-COUNTER TRANSACTIONS IN NATURAL**  
7 **GAS.**

8 (a) DEFINITIONS.—Section 1a of the Commodity Ex-  
9 change Act (7 U.S.C. 1a) is amended by adding at the  
10 end the following:

1           “(34) INCLUDED NATURAL GAS TRANS-  
2 ACTION.—The term ‘included natural gas trans-  
3 action’ means a contract, agreement, or transaction  
4 in natural gas that is entered into—

5                   “(A) in reliance on the provisions of sub-  
6 section (g) or (h) of section 2; or

7                   “(B) by use of a domestic technology or  
8 software providing direct access to a foreign  
9 board of trade.”.

10       (b) REPORTING OF EXCLUDED TRANSACTIONS IN  
11 NATURAL GAS.—Section 2(g) of such Act (7 U.S.C. 2(g))  
12 is amended—

13           (1) by striking “or” after “5d,”;

14           (2) by inserting “, or paragraphs (4) and (5) of  
15 this subsection (with respect to any contract, agree-  
16 ment, or transaction in natural gas))” after  
17 “12(e)(2)”; and

18           (3) by adding at the end the following:

19                   “(4) It shall be a violation of this subsection for  
20 any person to enter into any contract, agreement, or  
21 transaction in natural gas relying on the exemption  
22 provided in this subsection if the person, directly or  
23 indirectly, has, obtains, owns, controls, or maintains  
24 a position in a contract, agreement, or transaction  
25 in natural gas equal to or in excess of such amount

1 as the Commission from time to time shall fix, un-  
2 less the person files or causes to be filed with the  
3 properly designated officer of the Commission such  
4 reports as the Commission may require by rule, reg-  
5 ulation, or order with respect to any position in any  
6 contract, agreement, or transaction in natural gas  
7 described in this section.

8 “(5) Any person entering into any contract,  
9 agreement, or transaction relying on the exemption  
10 provided in this subsection shall maintain books and  
11 records relating to each such transaction, showing  
12 complete details of the transactions, positions, inven-  
13 tories, and commitments, including the names and  
14 addresses of all persons having any interest therein,  
15 for a period of 5 years, in such form as the Commis-  
16 sion shall require by rule, regulation, or order. The  
17 books and records shall be open for inspection by  
18 any representative of the Commission or of the De-  
19 partment of Justice.”.

20 (c) REPORTING OF EXEMPT TRANSACTIONS IN NAT-  
21 URAL GAS.—Section 2(h) of such Act (7 U.S.C. 2(h)) is  
22 amended—

23 (1) in paragraph (2)—

1 (A) by inserting “and the persons that  
2 enter into such a contract, agreement, or trans-  
3 action” after “subsection”;

4 (B) by striking “and” at the end of sub-  
5 paragraph (B);

6 (C) by striking the period at the end of  
7 subparagraph (C) and inserting “; and”; and

8 (D) by adding at the end the following:

9 “(D) paragraphs (7) and (8) of this sec-  
10 tion.”;

11 (2) in paragraph (4)—

12 (A) by inserting “and the persons that  
13 enter into such a contract, agreement, or trans-  
14 action” after “subsection”;

15 (B) by striking “and” at the end of sub-  
16 paragraph (C);

17 (C) by redesignating subparagraph (D) as  
18 subparagraph (E) and inserting after subpara-  
19 graph (C) the following:

20 “(D) paragraphs (7) and (8) of this sec-  
21 tion; and”; and

22 (3) by adding at the end the following:

23 “(7) It shall be a violation of this subsection for  
24 any person to enter into any contract, agreement, or  
25 transaction in natural gas relying on the exemption

1 provided in this subsection if the person, directly or  
2 indirectly, has, obtains, owns, controls, or maintains  
3 a position in a contract, agreement, or transaction  
4 in natural gas equal to or in excess of such amount  
5 as the Commission from time to time shall fix, un-  
6 less the person files or causes to be filed, or with re-  
7 spect to a contract, agreement, or transaction en-  
8 tered into on an electronic trading facility, the elec-  
9 tronic trading facility files or causes to be filed on  
10 such person's behalf, with the properly designated  
11 officer of the Commission, such reports as the Com-  
12 mission may require by rule, regulation, or order  
13 with respect to any position in such contracts, agree-  
14 ments, or transactions in natural gas described in  
15 this section.

16 “(8) Any person entering into any contract,  
17 agreement, or transaction in natural gas relying on  
18 the exemption provided in this subsection shall  
19 maintain books and records relating to each such  
20 transaction and showing complete details of such  
21 transactions, positions, inventories, and commit-  
22 ments, including the names and addresses of all per-  
23 sons having any interest therein, for a period of 5  
24 years, in such form as the Commission shall require  
25 by rule, regulation, or order. The records shall be

1 open for inspection by any representative of the  
2 Commission or of the Department of Justice.”.

3 **SEC. 3. AUTHORITY TO REQUIRE FILING OF REPORTS.**

4 The Commodity Exchange Act (7 U.S.C. 1–25) is  
5 amended by inserting after section 4p the following:

6 **“SEC. 4q. FILING OF REPORTS OF TRANSACTIONS IN NAT-  
7 URAL GAS.**

8 “(a) IN GENERAL.—The Commission shall establish  
9 a reporting system with respect to large positions in in-  
10 cluded natural gas transactions, as defined in section  
11 1a(34), that a person may, directly or indirectly, have, ob-  
12 tain, own, control, or maintain.

13 “(b) REQUIRED INFORMATION.—Such required re-  
14 ports with respect to included natural gas transactions,  
15 as defined in section 1(a)(34), shall be in sufficient detail  
16 and with sufficient frequency to enable the Commission  
17 to assess the overall trading activities, potential market  
18 power, and concentration of positions directly or indirectly  
19 held, obtained, owned, controlled, or maintained by the  
20 largest traders and to assess these factors in relation to  
21 the amount of potential deliverable supplies in natural gas  
22 directly or indirectly held, obtained, owned, controlled or  
23 maintained by the traders and shall enable the Commis-  
24 sion to aggregate the positions with respect to the person’s  
25 separately owned or controlled accounts.

1       “(c) CONFIDENTIALITY OF INFORMATION.—The re-  
2       ports with respect to included natural gas transactions de-  
3       scribed in subsection (b) shall be subject to section 8.

4       “(d) MARKET TRANSPARENCY.—The Commission  
5       shall publish on a regular basis a report or reports with  
6       respect to the information reported to it with respect to  
7       included natural gas transactions. The report or reports  
8       shall include on a summary basis information with respect  
9       to aggregate reportable positions held by commercial per-  
10      sons and noncommercial persons and may not reveal the  
11      specific identity or size of positions of individual persons.

12      “(e) REQUIRED RULES.—The Commission shall issue  
13      rules, regulations, or an order to implement this section  
14      within 270 days after the date of the enactment of this  
15      section.”.

16      **SEC. 4. CRIMINAL AND CIVIL PENALTIES.**

17      (a) CIVIL MONEY PENALTIES.—Section 6(c) of the  
18      Commodity Exchange Act (7 U.S.C. 9, 15) is amended  
19      in clause (3) of the 10th sentence, by striking “\$100,000”  
20      and inserting “\$500,000”.

21      (b) INCREASE IN PENALTIES.—Section 6c(d)(1) of  
22      such Act (7 U.S.C. 13a–1(d)(1)) is amended by striking  
23      “\$100,000” and inserting “\$500,000”.

24      (c) CRIMINAL PENALTIES.—Section 9(a) of such Act  
25      (7 U.S.C. 13) is amended in the matter preceding para-

1 graph (1) by inserting after “(or” the following: “for any  
2 violation other than manipulation or attempted manipula-  
3 tion of the price of any commodity in interstate commerce,  
4 or for future delivery on or subject to the rules of any  
5 registered entity, or the cornering or attempt to corner  
6 any such commodity or knowingly to deliver or cause to  
7 be delivered for transmission through the mails or inter-  
8 state commerce by telegraph, telephone, wireless, or other  
9 means of communication false, misleading, or knowingly  
10 inaccurate reports concerning crop or market information  
11 or conditions that affect or tend to affect the price of any  
12 commodity in interstate commerce”.

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