*Opening Remarks as Prepared for Delivery*

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*U.S. Senate Committee on Agriculture, Nutrition and Forestry*

*December 10, 2014: "The Commodity Futures Trading Commission: Effective Enforcement and the Future of Derivatives Regulation"*

Good morning. The Senate Committee on Agriculture, Nutrition, and Forestry will now come to order; and welcome, Chairman Massad of the Commodity Futures Trading Commission to this very important oversight hearing.

More than six years ago, our country was hit with the largest financial crisis since the great depression.

Trillions of dollars of wealth evaporated almost overnight, devastating millions of families, leaving them unemployed, underwater, and unable to keep a roof overhead or food on the table.

This crisis also caused Americans to seriously doubt our government's ability to properly oversee all of the players in the increasingly complex global financial system.

Thankfully, we have come a long way since those dark days. We've had 59 straight months of job creation, and are now creating jobs at a rate that we haven't seen since the 1990s.

But we still have a lot to do to get even more Americans back to work, and there is more that needs to be done to ensure our financial markets are safe, transparent, and accountable.

In the wake of the crisis, the CFTC was given important new authority to more effectively oversee and regulate our derivatives markets.

Unfortunately, this new authority did not come with new resources.
For the past four years as Chair of this Committee, I have repeatedly stopped efforts to unwind protections for families, farmers, and ranchers.

I have made it my priority to protect the integrity of financial reform, and to secure the resources necessary for the Commission to enforce the law we passed in 2010.

Unfortunately, the omnibus released last night does neither.
And I do not support the policy rider in the appropriations bill. This policy rider is masked by a meager increase in the CFTC's budget.

But that increase comes with conditions – handcuffs on the agency that Congress tasked with enforcing the law Congress passed – in such a way that it represents what looks to me like a very serious cut.

Given that the funding levels are well below the President's budget request, this should serve as a bucket of very cold water to those of us who want reform in our financial markets.

Let me be clear: Dodd-Frank Wall Street reform is being undermined every day that we underfund the agencies responsible for enforcing the law. And that is clearly happening with the omnibus bill announced in the House yesterday.

Failing to properly fund the Commission leaves our families, farmers, and businesses vulnerable to bad actors.

We all remember the mass fraud committed by Peregrine Financial and MF Global in 2011 and 2012. Billions of dollars in customers' funds went missing at just those two firms.

How can we expect Americans to trust in our markets when all of this money in U.S. accounts simply disappeared overnight?

Everyone benefits when our markets are safe and reliable. Financial institutions and end-users benefit when our nation's markets are recognized around the globe as being ultimately the most trusted in the world.

Since the Dodd-Frank Act was signed into law in 2010, the CFTC has been a leader among our financial regulators, completing almost all of its new Wall Street reform rules.

The Commission continues to show flexibility and improve on its earlier work to ensure that our commercial end-users, energy firms, and agriculture producers are able to safely use derivatives markets to manage risk without undue burdens.

In just the past three months, the Commission has undertaken to resolve several end-user concerns, including margin and record-keeping requirements, and relief for local, publicly owned utility companies.

Some of the most critical work lies ahead on rules that have serious consequences on all market participants. The Commission continues to work on the position limits rule, which I know has been a focus of the Chairman and the CFTC Commissioners.

Whether it is paying for gas at the pump or providing food to feed our families, when these markets don't work, consumers feel the pain.

The CFTC's Enforcement Division, despite limited resources, also continues to work hard to keep our derivatives markets safe from fraud and abuse.

And their numbers continue to prove it.

In the past fiscal year, the CFTC collected over $3 billion in monetary penalties against companies across the country.

The Commission also took a hard stance on the manipulation of foreign currency benchmarks, issuing orders that cost unlawful companies over a billion dollars.

This is truly a success given the difficulty and resources needed to successfully investigate and close a case of this scale.

Despite these recent successes, the Commission has much work to do in 2015 and beyond.

And while we discuss the need to give CFTC resources to effectively enforce its responsibilities here at home, we must also be considering resources needed to take on cybersecurity attacks and global threats.

The Commission must have the resources needed to effectively examine clearinghouses and exchanges to keep U.S. markets from being at risk to broader threats.

We look forward to the Chairman's report on yesterday's meeting of the CFTC's Agricultural Advisory Committee; a Committee obviously very important to all the members of this Committee.

I was pleased to see Secretary Vilsack in attendance to address the state of the agriculture economy.

These are considerations that the Commission must focus on as the market continues to grow and change, and market participants continue to get comfortable with the new model of derivatives regulation.

With the right enforcement and resources, I am confident the CFTC will create stronger, more transparent markets.