

Good morning. Today the Committee is meeting to review regulatory issues that are under the jurisdiction of the Commodity Futures Trading Commission. This Commission regulates commodity futures markets, including futures and options on agricultural, energy and metal commodities as well as on financial instruments such as interest rates and foreign currencies.

The volume and value of exchange-traded futures and options, and off-exchange, or over-the-counter derivatives, have grown tremendously in recent years. These markets play an important price discovery role and risk management role, by helping market participants manage financial risk across a wide array of products and services. In recent years, the federal government has modified its regulatory approach in response to the growth and development of these markets. Largely following recommendations of the President's Working Group on Financial Markets published in November 1999, the Commodity Futures Modernization Act of 2000 moved away from a one-size-fits-all regulatory approach to a more flexible approach that is based on broad core principles. With the experience of nearly three and a half years since its enactment, this is a good time for the Committee to review the impact it is having on the current regulatory environment and the commodity futures markets.

To help us with that review, I am pleased to welcome James E. Newsome who is the Chairman of the Commission as our witness today. Jim Newsome is widely respected for his thoughtful and common sense leadership at the Commodity Futures Trading Commission. A native of Plant City, Florida, Jim received his B.S. degree in Food and Resource Economics from the University of Florida and his M.S. and Ph.D. degrees in Animal Science and Agricultural Economics from Mississippi State University. Dr. Newsome served as Executive Vice-President of the Mississippi Cattlemen's Association before joining the CFTC. He began serving as a Commissioner on August 10, 1998 and was nominated by President Bush and confirmed by the Senate to serve as Chairman of the CFTC on December 20, 2001. We appreciate your distinguished service and your presence before our Committee today.