

With the former head of the now-defunct MF Global set to testify on Capitol Hill today, Rep. Peter Welch (D-Vt.) is introducing legislation to fully fund the Commodities Future Trading Commission (CFTC) so it can regulate the risky financial transactions that contributed to the 2008 financial crisis, the recent collapse of MF Global and the speculation-driven rise in energy prices. Welch is introducing the bill with Reps. Rosa DeLauro (D-Conn.) and Leonard Boswell (D-Iowa.).

The Wall Street Accountability through Sustainable Funding Act will create a stable, sustainable funding mechanism for the CFTC. Currently the Commission relies on an annual appropriation from Congress to fulfill its mandate. Its FY2012 budget was cut by 33% and further cuts would occur under the scheduled budget sequestration.

The Welch/DeLauro/Boswell bill would create a new funding mechanism for the CFTC modeled after the Security and Exchange Commission's funding source. Under their plan, the CFTC would cover its annual budget by collecting transaction fees from covered market participants.

"If you want stable markets, you need a stable regulator," Welch said. "This legislation will fully fund the consumer's cop on the beat without taxpayer dollars. For too long, Congress has used the CFTC budget as a political whipping boy at the expense of stable markets. Our proposal will make sure it has predictable and reliable resources to do its job so that future MF Globals are stopped in their tracks."

Following the 2008 financial crisis, Congress enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act, giving the CFTC new authority to regulate risky financial transactions. The CFTC has identified 32 areas where new rules will be necessary to implement the law. Without adequate funding, the CFTC will not be able to effectively implement and enforce these reforms.

Other federal regulatory agencies funded through user fees include: Securities and Exchange Commission, Federal Energy Regulatory Commission, US Patent and Trademark Office, Federal Communications Commission, Nuclear Regulatory Commission, National Credit Union Association, Federal Housing Finance Agency and Federal Deposit Insurance Corporation.

Welch introduces bill to fully fund CFTC and prevent next MF Global

Thursday, 08 December 2011 10:06
