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United States Senate
COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS
WASHINGTON, DC 20510-6075

August 6, 2020

The Honorable Heath Tarbert
Chair
Commodity Futures Trading Commission
1155 21st Street, NW
Washington, DC 20580

Dear Chair Tarbert:

I write regarding the unusual trading in oil futures that occurred in April and the recent press reports that one trading firm was central to the market conditions that caused the price of oil to fall below zero for the first time.¹

As you know, on April 20, the price of a barrel of oil collapsed from \$18 to negative \$37, including sinking \$40 over the course of an hour. The speed at which the oil price fell into negative territory creates the impression of a market susceptible to manipulation and needing additional regulatory safeguards. These concerns increase when such price swings are potentially attributable to one market participant.

While I understand the CFTC will release a detailed report on the oil price crash in the coming months, your initial comments in April, featured on CNBC, that “this situation does appear to be a fundamental supply and demand issue,”² were at a minimum premature and now seem incorrect. Even your subsequent comments understate the potential for market manipulation as the cause of the oil price crash. Your statement last month that, “we can’t really say one way or the other at this point whether there in fact was any wrongdoing,”³ suggests that your analysis must continue, including careful consideration of the recently reported details.

The integrity of our financial markets is critical to protect American consumers from needless volatility and harmful manipulation that could ultimately lead to higher prices at a time when families across the country are under financial strain. I look forward to the timely completion of a thorough and comprehensive report and for the CFTC to pursue enforcement actions, as necessary.

Sincerely,



Sherrod Brown
Ranking Member

¹ Liam Vaughan, Kit Chellel, and Benjamin Bain, *London Traders Hit \$500 Million Jackpot When Oil Went Negative*, Bloomberg, Aug. 4, 2020, <https://www.bloomberg.com/news/articles/2020-08-04/oil-s-plunge-below-zero-was-500-million-jackpot-for-a-few-london-traders>.

² <https://www.cnbc.com/video/2020/04/21/commodity-futures-trading-commission-chair-heath-tarbert-on-oil-futures-plummet.html>.

³ Kadhim Shubber, *US Regulator Investigates Oil Fund Disclosures*, Financial Times, July 15, 2020, <https://www.ft.com/content/1e689137-2d1f-4393-a18f-fe0da02141cc>.