

The falling oil prices crisis from a legal perspective ‘the actual cause’

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Abstract:

In view of the current falling oil prices crisis that has hit the world, in general, and Algeria, in particular, this paper tries to look for the actual causes hidden beneath a questioned legal system, which is supposed to regulate and protect the economic and financial environment in connection with the global markets in general. In addition, this study sheds light on the OTC markets for the oil (commodity) derivatives contracts, and how they influence and affect oil prices. Eventually, it reveals the actual legal cause to the above mentioned crisis.

Key words: oil prices, legal system, derivatives, the crisis’ legal cause.

ملخص:

في ظل أزمة انهيار أسعار البترول التي ضربت العالم، عموماً، والجزائر، على الخصوص، تحاول هذه الدراسة البحث عن الأسباب الحقيقية المخفية تحت نظام قانوني يثير التساؤلات، والذي يفترض به أن يقوم بتنظيم وحماية البيئة الاقتصادية والمالية، فيما يتعلق بالأسواق العالمية بشكل عام. بالإضافة إلى ذلك، تلقي هذه الدراسة الضوء على أسواق عقود المشتقات المالية البترولية الغير منظمة OTC وكيف انها تؤثر على أسعار البترول. وفي الأخير تكشف السبب التنظيمي (القانوني) الفعلي للأزمة المذكورة أعلاه.

الكلمات المفتاحية: أسعار البترول، النظام القانوني، المشتقات المالية، السبب القانوني للأزمة.



Introduction :

Algeria amongst other countries was severely hit by the falling oil prices crisis of 2014, and while many experts have tried to explain it by pointing to geopolitical, economic, and natural factors beside the fluctuations in the supply/demand market, however an indepth scrutiny of the issue reveals that the soaring oil prices we had prior to the start of their free fall in 2014 were merely inflated prices. And the question that begs to be answered is: how did that happen ? who was behind it ? and what about the legal framework that allowed it to happen ?

Today the overwhelming majority of experts have concluded that the extreme volatility in crudeoil prices is not related to changes in market fundamentals. In fact, supply and demand for crude oil (and for food supplies) remain in equilibrium and there is no shortage in the global supply of oil. The disconnection between oil prices and supply/demand fundamentals was evidenced when, on nearly the same day in 2012, the Saudi Arabian King promised to increase crude oil production by as much as 25 percent to make up for any shortfalls from the Iranian oil boycott and President Obama strongly hinted that the United States would release crude oil reserves fromthe Strategic Petroleum Reserve, and the price of crude oil went up!

A host of prominent economic studies from, inter alia, Stanford, Princeton, Texas A&M University, and the London School of Economics, as well as analysis by such prominent market observers as Nouriel Roubini from the Stern School of Business at New York University, have concluded that the volatility in the price of crude oil is substantially due to excessive speculation in crude oil derivative markets.

These studies do not conclude that market volatility principally derives from supply/demand fundamentals. There are well over 50 studies⁽¹⁾ and commentary to this effect. When the price of a barrel of crude oil was reaching \$110 in April 2011, the CEO of ExxonMobil testified to the Senate Finance Committee that marketfundamentals only justified a price of \$60 to \$70 a barrel. By October 2011, the bubble in the oil markets burst and the price did in fact drop to close



to the \$60 to \$70 price range and before reaching a lowest \$26 in February 2016.⁽²⁾

1. Energy derivatives ‘oil futures and swaps’

A “derivative” is a financial contract. Derivatives contracts get their name from the fact that they are “derived from” some other, “underlying” claim, contract, or asset. Derivatives are also called “contingent claims.” This term reflects the fact that their payoff—the cash flow—is contingent upon the price of something else.⁽³⁾ The “D” word—derivatives—which most people and some experts think of as synonymous with almost all of the ills and problems that happened with the 2008 financial crisis because of credit default swaps and mortgage-backed securities and all the types of products that were traded over-the-counter. I am not going to go into details about these types of derivative contracts which played a major role in the 2008 financial crisis because this paper will only focus on a different type of derivative contracts that play a vital role in our energy industry and economy. It is the energy derivatives, namely the oil futures and swaps.

1.1. Definition and building blocks: An energy derivative is a derivative contract based on (derived from) an underlying energy asset, such as natural gas, crude oil, or electricity. Energy derivatives are exotic derivatives and include exchange-traded contracts such as futures and options, and over-the-counter (i.e., privately negotiated) derivatives such as forwards, swaps and options. Major players in the energy derivative markets include major trading houses, oil companies, utilities, and financial institutions. The first energy derivatives covered petroleum products and emerged after the 1970s energy crisis and the fundamental restructuring of the world petroleum market that followed. At roughly the same time, energy products began trading on derivatives exchange with crude oil, heating oil, and gasoline futures on NYMEX and gas oil and Brent Crude on the International Petroleum Exchange (IPE).

The basic building blocks for all derivative contracts are futures and swaps contracts. In energy markets, these are traded in New York NYMEX, in Tokyo TOCOM and online through the Intercontinental Exchange. A future is a contract to deliver or receive oil (in the case



of an oil future) at a defined point in the future. The price is agreed on the date the deal/agreement/bargain is struck together with volume, duration, and contract index. The price for the futures contract at the date of delivery (contract expiry date) may be different. At the expiry date, depending upon the contract specification the "futures" owner may either deliver/receive a physical amount of oil (extremely rare), they may settle in cash against an expiration price set by the exchange, or they may close out the contract prior to expiry and pay or receive the difference in the two prices. In futures markets you always trade with a formal exchange, every participant has the same counterpart.⁽⁴⁾

A swap is an agreement whereby a floating price is exchanged for a fixed price over a specified period. It is a financial arrangement that involves no transfer of physical oil; both parties settle their contractual obligations by means of a transfer of cash. In a swap contract, you trade with your counterpart (a company/institution/individual) and take risk on their capacity to pay you any amount that may be due at settlement. Thus, investors should carefully enter into a swap agreement with other party considering all these parameters.

1.2. Applications: There are two principal uses of derivatives—or two means of what people use them for. One is speculation, which is profiting on future trends, rates, and prices; gambling if you will. There are traders that gamble on the price, and they use many of these over-the-counter derivatives for speculative purposes. The other is hedging, where a company wants to manage its business risk of volatile commodity prices, and utilities use derivatives for hedging every day. This is important to utilities so they can lock in prices. They can obtain rate certainty for their product. There are a variety of complicated derivatives utilities use to ensure their prices remain stable, which ultimately can create efficiencies that impact the price of energy; so it is important to utilities and the economy. And we can add a third use, although not very common, which is related to Investment portfolio diversification.⁽⁵⁾

The two principal markets where these derivatives are traded, purchased, and sold are on the regulated exchanges. These are designated contract markets like NYMEX. But, the other market which is of significant importance, is the unregulated, over-the-counter market. And again, the over-the-counter market is simply a



market where companies and financial institutions enter into private bilateral agreements, usually involving a dealer. Dealers would typically be large financial institutions like Morgan Stanley, Goldman Sachs, Citibank; all the major players you would consider. They act as the middleman putting these transactions together, but the OTC market is not transparent and so you do not know how much activity is occurring or at what price. There is certainly not a lot of price discovery.⁽⁶⁾

2. Determining and controlling oil prices :

The price of crude oil today is not made according to any traditional relation of supply to demand. It's controlled by an elaborate financial market system as well as by the four major Anglo-American oil companies. First, the crucial role of the international oil exchanges in London and New York is crucial to the game. Nymex in New York and the ICE Futures in London today control global benchmark oil prices which in turn set most of the freely traded oil cargo. They do so via oil futures contracts on two grades of crude oil—West Texas Intermediate and North Sea Brent.

A third rather new oil exchange, the Dubai Mercantile Exchange (DME), trading Dubai crude, is more or less a daughter of Nymex, with Nymex President, James Newsome, sitting on the board of DME and most key personnel British or American citizens.

Brent is used in spot and long-term contracts to value as much of crude oil produced in global oil markets each day. The Brent price is published by a private oil industry publication, Platt's. Major oil producers including Russia , Nigeria and Algeria use Brent as a benchmark for pricing the crude they produce. Brent is a key crude blend for the European market and, to some extent, for Asia.

But how today's oil prices are really determined is done by a process so opaque only a handful of major oil trading banks such as Goldman Sachs or Morgan Stanley have any idea who is buying and selling oil futures or derivative contracts that set physical oil prices in this strange new world of "paper oil."⁽⁷⁾

2.1 'Paper oil' and the unregulated market: A brief look at how today's "paper oil" markets function is useful. Since Goldman Sachs bought J. Aron & Co., a savvy commodities trader in the 1980's,

trading in crude oil has gone from a domain of buyers and sellers of spot or physical oil to a market where unregulated speculation in oil futures, bets on a price of a given crude on a specific future date, usually in 30 or 60 or 90 days, and not actual supply-demand of physical oil determine daily oil prices.⁽⁸⁾

With the development of unregulated international derivatives trading in oil futures over the past two decades or more, the way has opened for the speculative bubble in oil prices that burst in 2014.

Since the advent of oil futures trading and the two major London and New York oil futures contracts, control of oil prices has left OPEC and gone to Wall Street.

The Commodity Futures Modernization Act of 2000 (CFMA) was drafted by Tim Geithner, who was President Obama's Treasury Secretary, from 2009 to 2013 and – of course - now serves as president of Warburg Pincus, a private equity firm. The CFMA in effect gave over-the-counter (between financial institutions) derivatives trading in energy futures free reign, with no US Government supervision, as a result of the financially influential lobbying pressure of the Wall Street banks. Oil and other energy products were exempt under what came to be called the "Enron Loophole."

The "Enron loophole" exempts most over-the-counter energy trades and trading on electronic energy commodity markets from government regulation. The "loophole" was enacted in sections § 2(h) and (g) of the Commodity Futures Modernization Act of 2000, signed by U.S. president Bill Clinton on December 21, 2000. It allowed for the creation, for U.S. exchanges, of a new kind of derivative security, the single-stock future, which had been prohibited since 1982 under the Shad-Johnson Accord, a jurisdictional pact between John S. R. Shad, then chairman of the U.S. Securities and Exchange Commission, and Phil Johnson, then chairman of the Commodity Futures Trading Commission.⁽⁹⁾

In 2008 during a popular outrage against Wall Street banks for causing the financial crisis, Congress finally passed a law over the veto of President George Bush to "close the Enron Loophole." And as of January 2011, under the Dodd-Frank Wall Street Reform act, the CFTC was given authority to impose position caps on oil traders beginning in January 2011. Under the Dodd-Frank Act. President



Obama and Democratic leaders made clear that the legislation aimed to impose tough new limits on excessive speculation in commodity derivatives markets and to strengthen the hand of the CFTC by allowing the agency to more easily bring market manipulation cases. Indeed, by the time Dodd-Frank was signed into law (Section 737 requires position limits on excessive speculation and Section 753 reforms the manipulation enforcement standard for the CFTC) crude oil prices had stabilized for almost 18 months—prices fluctuated between \$75 and \$85 a barrel.⁽¹⁰⁾

However, prior to that going back to June 26, 2008, as oil prices were reaching their world-record high, the House Democratic leadership and the then Chairman of the House Agriculture Committee (Congressman Collin Peterson) introduced legislation (H. R. 6377) that passed the House that same day by a vote of 402-19. The bill required the Commodity Futures Trading Commission (CFTC) to act pursuant to its authority under the Commodity Exchange Act of 1936 and declare an “emergency” in the oil market and impose special limits on excessive speculative activity in crude oil futures markets. On March 20, 2012, Senator Sanders (Independent-Vermont) along with six Democratic Senators revived this legislation in the Senate. Curiously, these limits have not yet been implemented by the CFTC, and in an interview Senator Bernie Sanders of Vermont stated that the CFTC doesn't “have the will” to enact these limits and “needs to obey the law.” He adds, “What we need to do is...limit the amount of oil any one company can control on the oil futures market. The function of these speculators is not to use oil but to make profits from speculation, drive prices up and sell.”⁽¹¹⁾

On July 15, 2008, the Senate Democratic leadership (with Senate Majority Leader Harry Reid as lead sponsor) introduced legislation (S. 3268) that would have imposed tough congressionally driven limits on excessive speculative activity in the crude oil market. On July 25, 2008, that bill received 51 votes in favor with 93 Senators present, a majority of the Senate, but not enough to invoke cloture. Despite the bill's defeat, many Republican Senators indicated that they might support the legislation in the future. On September 28, 2008, then Chairman Peterson again brought to the House floor a bill (H.R. 6604) that would impose tough speculative position limits. The bill passed

the House 283-133. Also, on July 31, 2008, under the leadership of Senator Wyden (Democrat-Oregon), a bi-partisan Senate Finance discussion draft was circulated, which would have taxed profits from passive speculative crude oil futures as ordinary income.⁽¹²⁾

The combination of all of these Congressional efforts led speculators to fear that Congress would take immediate action to limit speculation in commodities markets and speculators abandoned these markets in droves. The mass exodus of speculators from the crudeoil market precipitated a radical drop in the price of a barrel of crude oil: the price dropped from its July 2008 world-record high of \$147 a barrel to \$30 a barrel by December of that year.⁽¹³⁾

There were estimates that speculators, futures traders such as banks and hedge funds who have no intent of taking physical delivery but only of turning a paper profit, controlled, and still do, some 80 percent of the energy futures market, up from 30 percent a decade ago. Former CFTC Chair Gary Gensler, perhaps to maintain a patina of credibility while his agency ignored the legal mandate of Congress, declared in 2011 in reference to oil markets that "huge inflows of speculative money create a self-fulfilling prophecy that drives up commodity prices." In early March 2012, Kuwaiti Oil Minister Minister Hani Hussein said in an interview broadcast on state television, "Under the supply and demand theory, oil prices today are not justified."⁽¹⁴⁾

Michael Greenberger, professor at the University of Maryland School of Law and a former CFTC regulator who has tried to draw public attention to the consequences of the US Government's decisions to allow unbridled speculation and manipulation of energy prices by big banks and funds, noted at the time prior to the oil prices crisis, "There are 50 studies showing that speculation adds an incredible premium to the price of oil, but somehow that hasn't seeped into the conventional wisdom," Greenberger said. "Once you have the market dominated by speculators, what you really have is a gambling casino."⁽¹⁵⁾

The issue of unbridled and unregulated oil derivatives speculation by a handful of big banks is not a new issue. A June 2006 US Senate Permanent Subcommittee on Investigations report on "The Role of Market Speculation in rising oil and gas prices," noted, "...there is substantial evidence supporting the conclusion that the large amount



of speculation in the current market has significantly increased prices.”

The report pointed out that the Commodity Futures Trading Commission had been mandated by Congress to ensure that prices on the futures market reflect the laws of supply and demand rather than manipulative practices or excessive speculation. The US Commodity Exchange Act (CEA) states, “Excessive speculation in any commodity under contracts of sale of such commodity for future delivery... causing sudden or unreasonable fluctuations or unwarranted changes in the price of such commodity, is an undue and unnecessary burden on interstate commerce in such commodity.” Further, the CEA directs the CFTC to establish such trading limits “as the Commission finds are necessary to diminish, eliminate, or prevent such burden.”⁽¹⁶⁾

2.2.The CFTC opened the door: It was in January 2006, that the ICE Futures in London began trading a futures contract for West Texas Intermediate (WTI) crude oil, a type of crude oil that is produced and delivered in the United States. ICE Futures also notified the CFTC that it would be permitting traders in the United States to use ICE terminals in the United States to trade its new WTI contract on the ICE Futures London exchange. ICE Futures as well allowed traders in the United States to trade US gasoline and heating oil futures on the ICE Futures exchange in London.⁽¹⁷⁾

Despite the use by US traders of trading terminals within the United States to trade US oil, gasoline, and heating oil futures contracts, the CFTC has until today refused to assert any jurisdiction over the trading of these contracts.

Persons within the United States seeking to trade key US energy commodities – US crude oil, gasoline, and heating oil futures – are able to avoid all US market oversight or reporting requirements by routing their trades through the ICE Futures exchange in London instead of the NYMEX in New York.

Is that not inadequate?⁽¹⁸⁾ The US Government energy futures regulator, CFTC opened the way to the present unregulated and highly opaque oil futures speculation. It may just be coincidence that the former CEO of NYMEX, James Newsome, who also served on the board of directors of the Dubai Exchange, is a former chairman of the US CFTC. And currently serves on the CFTC Global Markets

Advisory Committee and in August of 2010, Newsome was named to the board of directors of TruMarx Data Partners, a web-based execution platform that allows power and natural gas market participants to create an individual private market for each of their bilateral OTC transactions. In Washington doors revolve quite smoothly between private and public posts.

A glance at the price for Brent and WTI futures prices since January 2006 indicates the remarkable correlation between skyrocketing oil prices and the unregulated trade in ICE oil futures in US markets. Keep in mind that ICE Futures in London is owned and controlled by a USA company based in Atlanta Georgia.

In January 2006 when the CFTC allowed the ICE Futures the gaping exception, oil prices were trading in the range of \$59-60 a barrel. Two years later we saw prices tapping \$120 and trend upwards. This is not an OPEC problem, it is a US Government regulatory problem of malign neglect.⁽¹⁹⁾

By not requiring the ICE to file daily reports of large trades of energy commodities, it is not able to detect and deter price manipulation. As the Senate report noted, “The CFTC’s ability to detect and deter energy price manipulation is suffering from critical information gaps, because traders on OTC electronic exchanges and the London ICE Futures are currently exempt from CFTC reporting requirements. Large trader reporting is also essential to analyze the effect of speculation on energy prices.”

The report added, “ICE’s filings with the Securities and Exchange Commission and other evidence indicate that its over-the-counter electronic exchange performs a price discovery function — and thereby affects US energy prices — in the cash market for the energy commodities traded on that exchange.”⁽²⁰⁾

2.3.Hedge Funds and Banks driving oil prices: In the most recent sustained run-up in energy prices, large financial institutions, hedge funds, pension funds, and other investors have been pouring billions of dollars into the energy commodities markets to try to take advantage of price changes or hedge against them. Most of this additional investment has not come from producers or consumers of these commodities, but from speculators seeking to take advantage of these price changes. The CFTC defines a speculator as a person who



“does not produce or use the commodity, but risks his or her own capital trading futures in that commodity in hopes of making a profit on price changes.”

The large purchases of crude oil futures contracts by speculators have, in effect, created an additional demand for oil, driving up the price of oil for future delivery in the same manner that additional demand for contracts for the delivery of a physical barrel today drives up the price for oil on the spot market. As far as the market is concerned, the demand for a barrel of oil that results from the purchase of a futures contract by a speculator is just as real as the demand for a barrel that results from the purchase of a futures contract by a refiner or other user of petroleum.⁽²¹⁾

Goldman Sachs and Morgan Stanley today are the two leading energy trading firms in the United States. Citigroup and JP Morgan Chase are major players and fund numerous hedge funds as well who speculate.

In June 2006, oil traded in futures markets at some \$60 a barrel and the Senate investigation estimated that some \$25 of that was due to pure financial speculation. One analyst estimated in August 2005 that US oil inventory levels suggested WTI crude prices should be around \$25 a barrel, and not \$60.⁽²²⁾

Now looking at today's oil prices, F. William Engdahl had already predicted this oil prices crisis when he stated That: “ that would mean today – until June 2014 - at least \$50 to \$60 or more of today's \$115 a barrel price is due to pure hedge fund and financial institution speculation. However, given the unchanged equilibrium in global oil supply and demand over recent months amid the explosive rise in oil futures prices traded on Nymex and ICE exchanges in New York and London it is more likely that as much as 60% of the today oil price is pure speculation. No one knows officially except the tiny handful of energy trading banks in New York and London and they certainly aren't talking.”

This means that by purchasing large numbers of futures contracts, and thereby pushing up futures prices to even higher levels than current prices, speculators have provided a financial incentive for oil companies to buy even more oil and place it in storage.⁽²³⁾



As a result, the large influx of speculative investment into oil futures has led to a situation where we have both high supplies of crude oil and high crude oil prices – until June 2014 -.

Compelling evidence⁽²⁴⁾ also suggests that the often cited geopolitical, economic, and natural factors do not explain the previous rise in oil prices and it can be seen in the actual data on crude oil supply and demand. Although demand has significantly increased over that period of time, so have supplies.

Over that period of time when oil prices soared, global crude oil production increased along with the increase in demand; in fact, during this period global supplies have exceeded demand, according to the US Department of Energy. The US Department of Energy's Energy Information Administration (EIA) even forecasted at the time that in the next few years global surplus production capacity will continue to grow to between 3 and 5 million barrels per day by 2010, thereby "substantially thickening the surplus capacity cushion."

3. The legal battle between Wall Street and the CFTC 'The Dodd- Frank Act ''.

In January 2011, the CFTC proposed its position limits rule to curb excessive speculation in commodities markets. Since proposing the rule, the CFTC has worked hard to implement Dodd-Frank's tough position limit statutory requirement; however, the agency's efforts have met with fierce opposition and the price of oil continues to rise.⁽²⁵⁾ Three of the five CFTC commissioners immediately expressed strong reservations about setting tough limits on excessive speculation. This reluctance to impose rigorous position limits unleashed the price of crude oil from the \$75-\$85 price range that it had been trading at since the summer of 2009 and caused the price of a barrel of oil to reach \$110.

On April 21, 2011, President Obama made clear that the price spike was not a result of market fundamentals (which as usual were in equilibrium), but the result of crude oil market manipulation by speculators. Also, he convened the Department of Justice inter-agency taskforce to investigate speculation in the crude oil market. By October 2011 the price of crude oil was back down to \$75—a price that, according to statements made by the CEO of Exxon Mobil in



April 2011, reflected market fundamentals. On October 19, 2011, the CFTC issued its final position limit rule by a 3-2 vote with Commissioner Dunn voting in favor of the rule even though he believed the rule would do more harm than good. The difficulty of obtaining a third vote in support of the final rule meant that the final position limits were high and, subsequently, the rule was a disappointment to those hoping for the kind of tough limitations that Congress intended by passing Dodd-Frank. Nevertheless, the final rule was helpful.⁽²⁶⁾

On December 2, 2011, Wall Street trade associations challenged the final rule even though the rule imposed generous limits on speculative trading. After a February 27, 2012, hearing on Wall Street's motion to enjoin the rule on an interlocutory basis, the conventional wisdom has been that the court will, in fact, enjoin the rule for the length of the litigation. Unsurprisingly, Wall Street's success in weakening and delaying the implementation of the CFTC's positions limits rule has further encouraged excessive speculation in oil markets. The price of a barrel of crude oil rose from \$75 shortly before the final CFTC rule was announced on October 19, 2011, to \$108 on February 27, 2012, when the district court heard Wall Street's motion to enjoin the CFTC's final rule on an interlocutory basis and strongly indicated that the rule would be stayed.

It has to be noted that The Dodd-Frank Act. did not ban speculation. As was true of the New Deal Congress that passed the Commodity Exchange Act of 1936 at the behest of President Franklin Delano Roosevelt, Dodd-Frank merely banned "excessive speculation." In other words, Dodd-Frank bans speculation that exceeds what the commercial users of these markets need to obtain market liquidity.⁽²⁷⁾

Conclusion

For huge US or EU pension funds or banks desperate to get profits following the collapse in earnings since August 2007 and the US real estate crisis, oil is one of the best ways to get huge speculative gains. But because the over-the-counter (OTC) and London ICE Futures energy markets are unregulated, there are no precise or reliable figures as to the total dollar value of recent spending on investments in energy commodities, but the estimates are consistently in the range of tens of billions of dollars.⁽²⁸⁾



The falling oil prices crisis from a legal perspective —Dr/ Majd Aures Benlala

Nowadays, the legal setting's impact on economics and how it plays a major role in creating or avoiding all sorts of economic crises, is becoming evident beyond any shadow of doubt. The falling oil prices crisis has proved to be nothing but a mere inadequacy of the legal system that governs economics in general and the oil markets in particular.

This study adds to the previous studies striving to reveal the strong connection between the loop holes created, or maybe left behind, by the legal systems resulting in economic crises when exploited by those who helped creating them in the first place, through their lobbyists.

Triggered by the excessive speculation on the oil derivatives market, the oil prices that reached \$147 in 2008, were not the actual 'or real' prices (oil prices bubble), that is why when they plummeted in 2014, government officials (Algeria's officials amongst them) and experts started to talk about a crisis in the oil prices, whereas in fact those prices were falling down to settle around their actual value based on the market fundamentals of supply and demand, although prices may slightly fluctuate due to geopolitical, economic, and natural factors.

Notes:

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[http:// www.michaelgreenberger.com/files/Greenberger_PL_comment_letter-0328.pdf](http://www.michaelgreenberger.com/files/Greenberger_PL_comment_letter-0328.pdf) (arguing that rigorous position limits would combat excessive speculation in commodities markets).

- Michael Greenberger, High Oil Prices Must Be Subject of Criminal Investigation, REALNEWS NETWORK (March 28, 2012), available at http://therealnews.com/t2/index.php?option=com_content&task=view&id=31&Itemid=74&jumival=8131 (arguing that manipulation, not supply and demand, is increasing the price of crude oil and other essential commodities and explaining how an investigation into manipulation in commodities markets would reduce the price of energy and food).

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- Robert Lenzner, Speculation In Crude Oil Adds \$23.39 To The Price Per Barrel, FORBES (Feb. 27, 2012), available at <http://www.forbes.com>



The falling oil prices crisis from a legal perspective —Dr/ Majd Aures Benlala

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(8)- See F. William Engdahl, Behind Oil Price Rise: Peak Oil or Wall Street Speculation?, Voltairnet.org, Sunday, Mar 18, 2012, available at: http://axisoflogic.com/artman/publish/Article_64370.shtml

(9)- Ibid.

(10)- See Testimony of Michael Greenberger, Law School Professor, University of Maryland Francis King Carey School of Law, Protecting America's Consumers from Excessive Speculation: American Energy for American Jobs, p3, House of Representatives Democratic Steering and Policy Committee Cannon House Office Building, Room 340 Washington, DC, Wednesday, April 4, 2012, 2: 00 PM EST, available at: http://michaelgreenberger.com/files/Greenberger_House_Dem_Policy_Testimony_040412_Final_Draft.pdf

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(13)- Ibid. 10, p5.

(14)- Ibid. 7.

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The falling oil prices crisis from a legal perspective —Dr/ Majd Aures Benlala

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<http://www.reuters.com/article/2011/01/13/financial-regulation-limits-idUSN1328349420110113>

(26)- Ibid.10, p4.

(27)- Ibid.10, p5, 6.

(28)- Ibid.7.

