Testimony of

Ed Prosser, Senior Vice President of Special Projects, Scoular Company

On Behalf of the Commodity Markets Council

Before the U.S. House Committee on Agriculture

Regarding the Reauthorization and Oversight of the Commodity Futures Trading Commission

Introduction

Chairman Thompson, Ranking Member Craig, and members of the Committee, thank you for inviting me here today to testify about the importance of the Commodity Futures Trading Commission and this Committee's oversight and reauthorization of the agency.

I am Ed Prosser, Senior Vice President of Special Projects at Scoular. Scoular is an employee-owned $7.3 billion agribusiness and supply chain company with headquarters in Omaha, Nebraska. Founded over 130 years ago, our company buys, sells, stores, handles, and processes grain and ingredients through our global networks and expertise in trade and transportation. Our U.S. grain facility network includes locations in Illinois, Iowa, Nebraska, Kansas, and Missouri. We employ over 1,200 people in more than 100 offices and facilities worldwide, and provide safe and reliable solutions to farmers, grain processors, biofuel producers, and other customers. I have been an active participant in physical and derivative markets in agriculture and energy for 40 years. I serve on the board of the Commodity Markets Council, the National Oilseed Processors Association, and as a member of the CFTC's Agriculture Advisory Committee. I also formerly served on the Risk Management Committee of the National Grain and Feed Association, and was a member of the Minneapolis Grain Exchange, Chicago Mercantile Exchange, and the Kansas City Board of Trade exchanges.

Today, I am testifying on behalf of the Commodity Markets Council, founded over 90 years ago and originally called the National Grain Trade Council. Today, CMC is the leading Washington D.C.-based trade association that brings agriculture and energy traders together with commodity exchanges, and its members include commercial end-users that utilize futures and swaps markets for agriculture, energy, metals, and soft commodities as well as designated contract markets (DCMs), futures commission merchants (FCMs), and swap execution facilities (SEFs). While its membership has expanded over the years, its mission has remained the same: advocating for an open, transparent, competitive marketplace by combining the expertise, knowledge, and resources of our members to develop and support market-based policy. For decades, we have supported both the principled regulation of and responsible innovation in derivatives markets, which ultimately serve as the most robust and resilient risk management markets in the world.

I firmly believe my testimony today reflects the views of thousands of commercial end-users, farmers, merchants, utilities, energy suppliers, biofuels producers, and manufacturers who rely on U.S. derivatives markets as critical risk management tools, not for speculation, but a as central part of their everyday business operations.

Purpose and Function of Derivatives Markets

The derivatives markets are just that: derivatives of cash markets that trade every workday to provide the food, fiber, and energy we rely on. The derivatives markets provide liquidity to ensure efficient price discovery which allows participants around the world to signal which commodities are scarce and which are oversupplied. Specifically, these markets enable commercial end-users to hedge exposures to volatile price movements driven by weather events, global economic shifts, supply chain disruptions, and geopolitical instability. U.S. agricultural futures contracts—corn, soybeans, wheat, livestock, cotton, and more—serve as global price benchmarks used in risk management by businesses here and around the world.

The fast, fair, and efficient price discovery enabled through derivatives trading sends vital economic signals, informing producers, processors, and end-users about market scarcity or surplus. When farmers lock in crop prices with grain merchandisers, or fuel suppliers hedge energy costs, it is derivatives markets that empower their decisions and stabilize supply chains from farm to table and field to fuel tank. Commercial end-users depend on these markets, not only to offset risk, but also to secure business financing, manage uncertainty, and fuel ongoing investment in American agriculture and energy.

These functions are not just theoretical—they are vital to the real-world business of producing and transporting agricultural goods to the consumers that depend on them. From the price of milk and bread to the cost of gasoline and electricity, derivatives markets shape our economy, ensuring that commercial participants can manage risk, avoid catastrophic losses, and deliver reliable value to consumers. The roles of price discovery, risk transfer, and market liquidity are the pillars of healthy, resilient markets.

The Importance of a Robust, Well-Resourced CFTC

The Commodity Futures Trading Commission (CFTC or Commission) is the cornerstone and referee of fair, transparent, and resilient markets in the U.S. The Commission's mandate is not only to supervise exchanges, clearinghouses, and intermediaries, but also to ensure that regulatory processes remain responsive, transparent, and open to public debate.

Since its inception fifty years ago, the CFTC has evolved alongside the markets it governs—expanding from agricultural contracts to oversight of financial, energy, metals, and now, digital assets. Its principles-based regulatory regime has become a global model, allowing flexibility for innovation while maintaining rigorous standards for customer protection, market integrity, and risk management. As I see new exchanges and instruments enter the trading space, there seems to be pressure to change how clearinghouses work, how FCMs interact with the exchanges, and even how many hours derivatives markets are open. I am not here to comment on the needs of market participants in digital assets, event contracts, or other relatively new asset classes. However, like many others, I am concerned with their potential influence on our traditional markets.

The trading rules for agriculture and energy markets have evolved over decades of experience and are in place for good reasons. They have been tested by crisis, black swan market events, and periods of inactivity, and they have always continued to function. We do not oppose innovation in our markets—innovation has been the reason for the tremendous success of traditional markets in the U.S.—but if market rules need to adjust for new entrants, let's not lump everyone together. Certain market features like 24/7 trading and perpetual futures might make sense in the context of digital asset commodities or event contract markets, but they could be extremely problematic when applied to traditional futures markets.

Having a Commission that is thoughtful and well-resourced, and that understands both the importance of innovation and the importance of maintaining our status as a global leader in risk management is imperative. Our agriculture and energy markets should not change just to accommodate potential innovations in other markets.

CFTC oversight ensures trustworthy price discovery, effective risk transfer, and resilient liquidity, while safeguarding the interests of commercial end-users. Its role in facilitating the convergence between cash and derivatives markets, especially for physically delivered contracts, provides critical market data such as the "Commitment of Traders" report, and enables market participants to petition for rule changes, ensuring that all voices are heard. Ultimately, this is what ties the crops that are physically grown on a farm or raised on a ranch to the financial derivatives we depend on to manage our risk.

During historic periods of stress, such as the financial crisis of 2008 and the aftermath of 9/11, the CFTC played a vital leadership role, ensuring markets remained open and orderly, restoring confidence, and working in close partnership with industry and policymakers. While dramatic market events and the changes they bring to the markets might be the biggest news, the most impactful role of the CFTC might be in what many would consider the mundane. The reliable data it provides to participants helps regulate the market by providing insight to market participants. The Commission also plays an important role in monitoring the convergence of the derivatives and physical markets. This highly specialized process is particularly important to our traditional agricultural contracts. The agency's responsiveness, expertise, and judgment have kept the U.S. markets at the forefront of innovation and stability amidst global competition.

There are often differences of opinion between different players in derivatives markets. When this happens, it is vital to have a strong CFTC that can hear both sides and find reasonable solutions. These qualities depend on continued congressional support for a robust, fully staffed, fully funded, and well-resourced CFTC.

The Case for CFTC Reauthorization

Reauthorizing the CFTC is more than a procedural step; it is the foundation for American economic leadership in the global commodities markets. Periodic reauthorization ensures that the agency keeps pace with technological change, the rapid growth of novel products, and the ongoing globalization of commodity trading. The process offers Congress vital oversight, enabling lawmakers to demand accountability, review evolving risks, and assess the effectiveness of regulatory pathways.

The Commodity Exchange Act's core mandate is to foster innovation, encourage public debate, and ensure regulation keeps pace with ever-changing market needs. Passage of reauthorization legislation demonstrates bipartisan determination to strengthen market safeguards and address emerging challenges including cybersecurity, customer property protection, and conflicts of interest.

Reauthorization also enables the CFTC to confront challenges posed by financial market regulation, such as the Basel III Endgame and Global Systemically Important Bank (GSIB) rules, international competition, market structure reforms, and new asset classes. For commercial end-users, keeping global benchmarks anchored in U.S. markets is crucial for price stability and market access. For consumers, robust reauthorization helps ensure that markets continue to function as intended even in times of stress, volatility, or crisis.

Markets and businesses crave certainty. When there is uncertainty in government policy, we see unnecessary and unproductive volatility in the markets as market participants react to every rumor and news article because they do not have solid guidance. We see this in the soybean oil market today where market participants, awaiting significant guidance from the Environmental Protection Agency (EPA) and the Treasury Department on biofuels policy, see rumors of various outcomes shooting prices up or down. While we recognize that Congress has continued to fund the agency on a yearly basis, the lack of reauthorization for the CFTC creates that same uncertainty when market participants do not know what to expect from the government on a number of key policies, such as how derivatives markets are or are not going to integrate things like 24/7 trading. In short, CFTC reauthorization upholds regulatory confidence, fosters forward-looking innovation, and ensures that American farmers, merchants, utilities, processors, and consumers are protected from market failures, systemic risks, and global competition. Congress should go through the reauthorization process to affirm its steadfast support for the vital work of the CFTC.

Recommendations for Congressional Action

As Congress considers its role in overseeing, supporting, and reauthorizing the CFTC, I urge the Committee to:

1. Support appropriate funding and staffing for the CFTC, enabling the agency to keep pace with market growth, technological complexity, and global competitiveness.

2. Ensure that regulatory standards prioritize the needs of commercial end-users and consumers—not just financial intermediaries, new market entrants, or speculative interests.

3. Safeguard the principles-based regulatory model that has enabled responsible innovation and reasonable flexibility in responding to new market challenges.

4. Maintain bipartisan commitment to transparency, public participation, and open debate in regulatory decision-making.

5. Encourage ongoing review of market structure proposals—such as event contracts, clearing organization changes, and customer bankruptcy protections—to ensure that any market structure changes do not undermine our agriculture and energy markets.

6. Anchor global price benchmarks in U.S. markets subject to U.S. oversight and rules, strengthening America's competitive position for the benefit of American producers, consumers, and communities.

Thank you again for the opportunity to represent and comment on behalf of the Commodity Markets Council, and all commercial end-users of these agriculture and energy contracts. We hope you will support a fully funded, fully functional CFTC to ensure that our producers, merchants, and end-users can continue to fuel, feed, and clothe America and a growing market.