

COMMODITY MARKETS OVERSIGHT COALITION

December 10, 2009

U.S. House of Representatives
United States Capitol Building
Washington, DC 20515

Dear Representative:

The undersigned members of the Commodity Markets Oversight Coalition would like to extend its gratitude to Representative Collin Peterson of Minnesota, Chairman of the House Agriculture Committee, and members of his committee, for the hard work and efforts necessary to bring the over-the-counter (OTC) derivatives legislation, which is part of H.R.4173, the *Wall Street Reform and Consumer Protection Act of 2009*, to the House floor this week.

Both Chairman Peterson and House Financial Services Chairman Barney Frank and the members of their committees are to be commended on their efforts towards meaningful reform of the commodities futures/swaps markets. As members of Congress are well aware, our coalition has since early 2007 advocated for legislation to bring about greater transparency, oversight and accountability in these markets and to empower federal regulators with the authority and resources to protect against fraud, manipulation and excessive speculation.

In light of this, **we urge your support for the following floor amendments** to H.R. 4173 that will help to strengthen this legislation:

#47 (Rep. Stupak) - Would require transparency in swaps contracts by requiring all non-cleared swaps be executed on a registered swap execution facility.

#48 (Reps. Stupak, DeLauro, Larson, Van Hollen) - Would give the Commodity Futures Trading Commission and the Securities and Exchange Commission the authority to ban abusive swaps, amends any proposed commercial risk definition to disregard balance sheet risk, and maintains any illegal swap entered into after enactment of this Act will not be valid.

#114 (Rep. Peterson) - Would provide for the CFTC to define the terms "commercial risk," "operating risk," and "balance sheet risk" for purposes of the Commodity Exchange Act.

#115 (Reps. Peterson and Frank) - Would provide for position limits for physical commodities, clearing of over-the counter transactions, increased transparency, reporting, and recordkeeping, and transparency of offshore trading. It also addresses jurisdictional issues in the context of swaps by providing for CFTC jurisdiction over swaps and SEC jurisdiction over swaps that are primarily based on securities (or narrow-based security indexes). These two agencies are required to consult with each other and with banking regulators before regulating.

#135 (Rep. Lynch) - Prohibits swaps dealers from controlling more than 20% of an exchange. Provides rules toward the equitable governance of clearing houses and swap exchange facilities.

We are hopeful you will send the Senate strong, pragmatic legislation that will bring light to opaque, unregulated or under-regulated markets and market activity, close the door on potential fraud and manipulation, and give federal regulators the tools they need to prevent financial speculation from driving food and energy prices.

Such action is essential to rebuilding confidence in these markets as price discovery and risk management tools for *bona-fide* physical hedgers, to reducing systemic risk and market volatility, and helping to prevent further destabilization of our nation's economic recovery.

Sincerely,

Agricultural Retailers Association
Air Transport Association
American Feed Industry Association
American Cotton Shippers Association
Arkansas Oil Marketers Association
Colorado/Wyoming Petroleum Marketers Association
Columban Center for Advocacy and Outreach
California Independent Oil Marketers Association
Florida Petroleum Marketers Association
Food & Water Watch
Friends of the Earth
Fuel Merchants Association of New Jersey
Gasoline and Automotive Service Dealers of America
Independent Connecticut Petroleum Association
Institute for Agriculture and Trade Policy
Illinois Petroleum Marketers Association
Illinois Association of Convenience Stores
Louisiana Oil Marketers & Convenience Store Association
Maine Energy Marketers Association
Maryknoll Office for Global Concerns
Massachusetts Oilheat Council
Mid-Atlantic Petroleum Distributors' Association
Missionary Oblates – Justice, Peace & Integrity of Creation
Montana Petroleum Marketers & Convenience Store Association
National Association of Oilheating Service Managers
National Association of Truck Stop Operators
National Family Farm Coalition
National Farmers Union
National Grange
National Latino Farmers & Ranchers Trade Association
Nebraska Petroleum Marketers & Convenience Store Association
New England Fuel Institute
New Jersey Citizen Action Oil Group
New Mexico Petroleum Marketers Association
New York Oil Heating Association
North Dakota Petroleum Marketers Association
Ohio Petroleum Marketers & Convenience Store Association

Oil Heat Council of New Hampshire
Oil Heat Institute of Long Island
Oil Heat Institute of Rhode Island
Organization for Competitive Markets
Petroleum Marketers Association of America
Petroleum Marketers & Convenience Stores of Iowa
Petroleum Marketers & Convenience Store Association of Kansas
Propane Gas Association of New England
Public Citizen
R-CALF USA
South Dakota Petroleum & Propane Marketers Association
Tennessee Oil Marketers Association
United Egg Producers
Utah Petroleum Marketers & Retailers Association
Vermont Fuel Dealers Association
Western Peanut Growers
West Virginia Oil Marketers & Grocers Association

Cc: The Hon. Gary Gensler, Chairman, U.S. Commodity Futures Trading Commission
The Hon. Michael Dunn, Commissioner, U.S. Commodity Futures Trading Commission
The Hon. Jill Sommers, Commissioner, U.S. Commodity Futures Trading Commission
The Hon. Bart Chilton, Commissioner, U.S. Commodity Futures Trading Commission
The Hon. Scott O'Malia, Commissioner, U.S. Commodity Futures Trading Commission