

Congress of the United States
Washington, DC 20515

September 12, 2013

Dear Colleague:

We are writing to request your support for H.R. 1003, a bill that would require the U.S. Commodity Futures Trading Commission (CFTC) to analyze the costs associated with each new rule it proposes. In the spirit of bipartisanship, the legislation has been amended since its passage by voice vote in the Agriculture Committee in March of this year to ensure it is both effective and narrowly tailored. At its core, H.R. 1003 is closely modeled after Executive Order 13563 that President Obama issued early in his first term, requiring all executive agencies to perform cost-benefit assessments for all agency rulemakings. The CFTC, as an independent agency, is not subject to Executive Orders, hence the need for this straightforward legislation. Importantly, the bill would also align future CFTC rulemakings with the current cost assessments already being performed by the U.S. Securities and Exchange Commission (SEC) for its rulemakings.

Currently, the Commodity Exchange Act (CEA), the CFTC's authorizing legislation, includes a vague provision (Section 15(a)) that directs the CFTC to "consider" costs and benefits when it engages in rulemaking, but not actually quantify them. According to the Inspector General of the CFTC, this has led to the Commission regularly employing a "stripped down" type of analysis that has "proved perilous for financial market regulators" in the past.

H.R. 1003 sets out basic criteria the CFTC must evaluate that are specific to the derivatives markets, including consideration of market liquidity, price discovery, risk management practices, and the protection of market participants. This legislation is **not retroactive, and would not impact current rulemakings already underway**, but it would prove beneficial for future Commission rulemakings.

We believe what is good for the entire Executive Branch is good for the independent agencies as well. The President was right when he required executive branch agencies to work harder to assess the impacts of their rules *before* they are proposed. This narrow, bipartisan bill would require the CFTC to do just that. If you have any questions, please do not hesitate to contact Paul Balzano (paul.balzano@mail.house.gov, 5-3605) in Mr. Conaway's office or Gary Woodward (gary.woodward@mail.house.gov, 5-2939) in Mr. Scott's office.

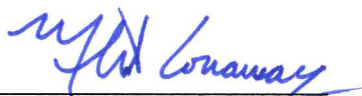
Sincerely,



Frank D. Lucas
Chairman
Committee on Agriculture



Collin Peterson
Ranking Member
Committee on Agriculture



Mike Conaway
Chairman, Subcommittee
General Farm Commodities and
Risk Management



David Scott
Ranking Member, Subcommittee
General Farm Commodities and
Risk Management