

Coalition for Derivatives End-Users

July 28, 2015

The Honorable Jeb Hensarling
Chairman
Committee on Financial Services
U.S. House of Representatives
2228 Rayburn House Office Building
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
U.S. House of Representatives
2221 Rayburn House Office Building
Washington, DC 20515

Re: Support for Moore-Stivers end-user bill, H.R. 1317, and Amendment Expected to be Offered by Representative Moore

Dear Chairman Hensarling and Ranking Member Waters:

The Coalition for Derivatives End-Users, representing hundreds of main street businesses that use derivatives to hedge risk, thanks you for marking up H.R. 1317, which clarifies that certain swap transactions with centralized treasury units (“CTUs”) of non-financial end-users are exempt from clearing requirements. The Coalition strongly supports H.R. 1317 and the amendment expected to be offered by Representative Moore during the Committee mark-up. This narrowly-tailored, bipartisan bill, as amended by the Moore amendment, will provide much-needed relief and fix a language glitch in the Dodd-Frank Act that denies some end-users the clearing exception that Congress passed specifically for them.

While the Commodity Futures Trading Commission has issued no-action relief allowing some end-users to utilize the clearing exemption, the relief does not fix the problematic language in the Dodd-Frank Act. The current Dodd-Frank language, which also is referenced in regulatory proposals on margin, places corporate boards in the difficult position of approving decisions not to clear trades despite the unintended inapplicability of the exemption.

It also is important to note that international regulators often look to U.S. laws and regulations – not no-action letters – when developing their regulations. Unless we fix the underlying problem in the Dodd-Frank Act, our denial of clearing relief to end-users with CTUs may be propagated overseas.

Throughout the legislative process, the Coalition has supported efforts to increase transparency in the derivatives markets and enhance financial stability for the U.S. economy through thoughtful new regulation while avoiding needless costs. The language in the Moore-Stivers bill, as amended by the Moore amendment, would provide certainty and help end-users focus their efforts on innovation, growth and job creation.

Sincerely,

Coalition for Derivatives End-Users