

# Coalition for Derivatives End-Users

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February 14, 2013

The Honorable Michael Grimm  
U.S. House of Representatives  
512 Cannon House Office Building  
Washington, DC 20515

The Honorable Austin Scott  
U.S. House of Representatives  
516 Cannon House Office Building  
Washington, DC 20515

The Honorable Gary Peters  
U.S. House of Representatives  
1609 Longworth House Office Building  
Washington, DC 20515

The Honorable Mike McIntyre  
U.S. House of Representatives  
2428 Rayburn House Office Building  
Washington, DC 20515

***Re: End-User Support for the Grimm-Peters-Scott-McIntyre to Protect Derivatives End-Users from Unnecessary Margin Requirements***

Dear Representatives Grimm, Peters, Scott, and McIntyre:

The undersigned organizations—representing hundreds of end-user companies—write in support of your bill to help prevent unnecessary and harmful regulation of derivatives end-users and preserve jobs. Your bill would ensure that regulators do not impose margin requirements on many end-users.

In approving the Dodd-Frank Act, Congress made clear that end-users were not to be subject to margin requirements. Nonetheless, regulations proposed by the Prudential Banking Regulators could require end-users to post margin. While the regulations proposed by the Commodity Futures Trading Commission are preferable, they do not provide end-users with the predictability and assurance that your bill offers. According to a Coalition survey, a 3% initial margin requirement could reduce capital spending by as much as \$5.1 to \$6.7 billion among S&P 500 companies alone and cost 100,000 to 120,000 jobs. We need Congress to step in and clarify that end-users will continue to have the ability to manage risk without the threat of having unnecessary initial and variation margin requirements imposed on them. In short, we need your bill. We are also hopeful that your bill will be expanded to exempt trades with financial end-users, which also employ derivatives to manage risk.

Throughout the legislative and regulatory processes surrounding the Dodd-Frank Act, the Coalition has advocated for strong regulation that brings transparency to the derivatives market and imposes thoughtful new regulatory standards that enhance financial stability while avoiding needless costs. The Coalition appreciates very much your bipartisan, legislative efforts to focus regulation where it is needed most by removing the burden where it will cause only harm.

Sincerely,

Agricultural Retailers Association  
Business Roundtable  
Commodity Markets Council  
Financial Executives International  
National Association of Corporate Treasurers

National Association of Manufacturers  
National Association of Real Estate Investment Trusts  
Real Estate Roundtable  
U.S. Chamber of Commerce