# Coalition for Derivatives End-Users

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## Derivatives Reform and Further Regulatory Relief Top Coalition's 2015 Agenda

***CFTC Chairman Massad Keynotes Second Annual Coalition Summit***

**Washington, D.C.**, February 26, 2015 – The Coalition for Derivatives End-Users held its second annual summit this week to outline an agenda to protect end-users from costly, needless regulation. The newly created "Operational Working Group," aimed at establishing a forum for end-users to increase operational effectiveness, is a key component of the Coalition's 2015 agenda.

During the two-day summit, Coalition members met with lawmakers and regulators to recognize the efforts made to resolve several key derivatives-related issues, specifically margin requirements, and urged them to implement a statutory fix to the problem of companies with centralized treasury units being denied the end-user clearing exception.

Commodity Futures Trading Commission (CFTC) Chairman Tim Massad delivered the summit's keynote address, telling Coalition members that he looks forward to working with them to ensure the U.S. derivatives markets – "the most dynamic, innovative, competitive and transparent" in the world – continue to work for end-users. Massad said he intends to quickly implement the end-user margin protections Congress enacted last year when it reauthorized the *Terrorism Risk Insurance Act*.

Members of the steering committee of the Coalition for Derivatives End-Users issued the following statements on its 2015 agenda and the need for quick action:

"End-users are grateful that U.S. policymakers are increasingly sensitive to their needs, but the swaps market is global, and many of our members operate overseas where they confront conflicting or duplicative demands," said Jess Sharp, Managing Director for the U.S. Chamber's Center for Capital Markets Competitiveness. "The Coalition will continue to be a strong advocate for a harmonized global regulatory framework and a workable cross-border policy to ensure our hard fought victories at home are reflected abroad."

“Burdensome regulation imposed on derivatives end-users chills business investment and growth while doing nothing to reduce systemic risk,” said Michael J. Ryan, Jr., Vice President, Business Roundtable. “We appreciate the bipartisan sponsorship that led to the recent margin fix and look forward to working with all policymakers to ensure regulation focuses on real economic risks – and not on end-users whose use of derivatives actually reduces risk.”

“Manufacturers finally have certainty that they will not be forced to post unnecessary margin requirements when using derivatives, but companies with centralized treasury units (CTU) are still vulnerable to unintended regulatory requirements. The NAM and Coalition will continue to work together to resolve the CTU and other outstanding issues to ensure that end-users will not face costly derivatives requirements simply for hedging risk,” said Dorothy Coleman, Vice President of Tax and Domestic Economic Policy for the National Association of Manufacturers.

“Financial Executives International’s 10,000 CFOs, corporate treasurers and other senior financial executive members continue to support and rely on the Coalition’s successful efforts to define and defend end-user interests before Congress and the regulators,” said Bob Kramer, FEI’s VP of Government Affairs. “Heartened by recent victories on the legislative and regulatory fronts, FEI is committed to the Coalition’s ongoing efforts to protect our members’ ability to effectively hedge business risks. We also believe that our members will benefit through their participation in the Coalition’s new Operational Working Group.”

“The members of the National Association of Corporate Treasurers are grateful for the recent legislative relief exempting their end-user companies from having to post uncertain daily cash margin against their derivative positions. They look forward to working with the other members of the Coalition in 2015 to obtain the certainty and permanence that only legislation gives them. The key issues for them are allowing centralized treasury units to provide the risk-reducing benefit of netting exposures within their corporate groups to minimize their total derivatives outstanding; recognizing that end-users’ hedging activities are risk reducing and their derivatives positions should not be burdened with excessive capital requirements by the banking regulators; and the purchasing contracts they enter into for vital supplies and raw materials should not be deemed derivatives under the full weight of regulations intended to address the risks of speculators and active traders,” said Thomas Deas, Vice President and Treasurer of FMC Corporation and Immediate-Past Chairman of the National Association of Corporate Treasurers.

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The Coalition for Derivatives End-Users represents the views of companies that employ derivatives primarily to manage risks associated with their businesses. More than 270 companies and business associations have joined the Coalition in seeking strong, effective and fair regulation of derivatives markets that brings transparency and mitigates the risk of another systemic collapse while not unduly burdening American businesses and harming job growth. Learn more at: coalitionforderivativesendusers.com.