

COMMODITY MARKETS OVERSIGHT COALITION

An Alliance of Derivatives End-Users & Reform Advocates

May 6, 2010

The United States Senate
Washington, DC 20510

RE: Strong support for Cantwell Amendment 3786 to Restoring Financial Stability Act of 2010 which will strengthen the CFTC's ability to police derivatives markets for manipulation and end this aspect of regulatory arbitrage.

Dear Senator:

The Commodity Markets Oversight Coalition (CMOC) is an alliance of industry groups, consumer advocates and academics, representing commodity producers, processors, distributors, retailers, and residential, commercial and industrial end-users that was formed three years ago in response to unbridled speculation and manipulation in the energy derivatives markets.

America experienced a devastating bubble in oil prices in 2008 that contributed meaningfully to the worst economic recession since the Great Depression. Because all over-the-counter (OTC) derivatives are not traded on exchanges and regulators today do not have jurisdiction over these markets, nothing could be done to identify, prosecute or prevent the speculation and manipulation that caused this destructive bubble.

With Senate Bill 3217, the Senate is now taking the necessary steps to mandate that OTC derivatives which can clear through a central counterparty must clear through an exchange and that OTC derivatives which can trade on an exchange must be moved onto an exchange for trading. We strongly support S. 3217 as the most important thing the Senate can do to prevent the next financial meltdown and the next price bubble. This bill will give the Commodity Futures Trading Commission (CFTC) and the Securities and Exchange Commission (SEC) the critical pre- and post-trade transparency they need to police these markets.

We further urge you to adopt Amendment 3786 offered by Senators Cantwell, Whitehouse and Sanders, which will enable the CFTC to employ the same standard when prosecuting manipulation that the SEC, FTC and FERC currently employ. We must end regulatory arbitrage by mandating that the CFTC employ a "reckless conduct" standard like its fellow regulators rather than its current standard of "specific intent." The CFTC needs this new standard to protect these markets, which are critical to our economy, from the dangers of manipulation.

We strongly support the passage of Amendment 3786.

Sincerely,

Air Transport Association
Arkansas Oil Marketers Association
Center for Media and Democracy
Colorado/Wyoming Petroleum Marketers Association
Consumer Federation of America
Food & Water Watch
Friends of the Earth
Fuel Merchants Association of New Jersey
Gasoline & Automotive Service Dealers of America
Independent Connecticut Petroleum Association
Institute for Agriculture and Trade Policy
Louisiana Oil Marketers & Convenience Store Association
Massachusetts Oilheat Council
Maine Energy Marketers Association
Maryknoll Office for Global Concerns
Masters Capital Management
Missionary Oblates
National Association of Oilheating Service Managers
National Association of Truckstop Operators
National Farmers Union
Nebraska Petroleum Marketers & Convenience Store Association
New England Fuel Institute
New Mexico Petroleum Marketers Association
New Rules for Global Finance
New York Oil Heating Association
North Dakota Petroleum Marketers Association
North Dakota Propane Gas Association
North Dakota Retail Association
Oil Heat Institute of Long Island
Oil Heat Council of New Hampshire
Oil Heat Institute of Rhode Island
The Organization for Competitive Markets
Petroleum Marketers Association of America
Petroleum Marketers & Convenience Store Association Kansas
Petroleum Marketers & Convenience Stores of Iowa
Propane Gas Association of New England
Public Citizen
R-CALF USA
South Dakota Petroleum & Propane Marketers Association
Vermont Fuel Dealers Association
West Virginia Oil Marketers and Grocers Association