

COMMODITY MARKETS OVERSIGHT COALITION

An Alliance of Commodity Derivatives End-Users and Consumers

September 17, 2013

Re: Pending legislation before the House of Representatives - H.R.1003

Dear Representative:

The undersigned members of the Commodity Markets Oversight Coalition (CMOC) write in opposition to H.R.1003, legislation to come before the House of Representatives this week that would dramatically expand cost-benefit requirements in the promulgation of rules and regulations by the Commodity Futures Trading Commission (CFTC).

The Commodity Markets Oversight Coalition (CMOC) is a non-partisan alliance of industry groups and other organizations that represent commodity-dependent American businesses, end-users and consumers. Our members rely on functional, transparent and competitive commodity derivatives (i.e., futures, options and swaps) markets as a hedging and price discovery tool. As a coalition we favor policies that promote market stability and confidence, prevent fraud and manipulation, and preserve the interests of *bona fide* hedgers and American consumers.

For these reasons, our coalition opposes H.R.1003. This bill would repeal current cost-benefit requirements under Section 15(a) of the Commodity Exchange Act and replace them with broad and vague new requirements - more than twice what currently exists. These new requirements would have to be met before the CFTC approves any final rule. We believe analyses of potential burdens on market participants and the public should always be considered in the promulgation of any rule or regulation. However, according to an Inspector General report in 2011, current cost-benefit requirements established by Congress in 2000 have required sufficient review of the impact of pending CFTC rules and regulations.

We believe this legislation is politically-motivated with the intent of slowing down, weakening or killing important new derivative market reforms, including those designed to prevent market disruption and manipulation. One such reform is the requirement under the Dodd-Frank Wall Street Reform and Consumer Protection Act that requires the CFTC to establish limits on speculative positions in commodities in order to prevent manipulation and excessive speculation.

If H.R.1003 is enacted, CFTC would be required to conduct overly broad analyses of certain rules that were meant to serve as prophylactics (such as positions limits) and without regard to the availability of essential market data. Further, we are concerned that some of the vague requirements under H.R.1003 could lead to a surge in litigation. This could result in indefinite delays for essential derivative market rules that were mandated by Congress in order to preserve market integrity and stability and better protect market participants, end-users and the public.

Therefore, we urge you to vote "no" on H.R.1003. Thank you in advance for your consideration and support.

Sincerely,

Airlines for America
American Trucking Associations
Continued...

American Feed Industry Association
California Black Agriculture Working Group
California Independent Oil Marketers Association
California Service Station & Auto Repair Association
Colorado Petroleum Marketers and Convenience Store Association
Consumer Federation of America
Florida Petroleum Marketers Association
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
Maine Energy Marketers Association
Massachusetts Oilheat Council
Montana Petroleum Marketers & Convenience Store Association
National Association of Oil & Energy Service Professionals
National Association of Shell Marketers
National Farmers Union
National Grange
New England Fuel Institute
New Jersey Citizen Action Oil Group
New Mexico Petroleum Marketers Association
New York Oil Heating Association
Oil Heat Council of New Hampshire
Oil Heat Institute of Long Island
Oil Heat Institute of Rhode Island
The Organization for Competitive Markets
Petroleum Marketers & Convenience Store Association Kansas
Petroleum Marketers & Convenience Stores of Iowa
Petroleum Marketers Association of America
Public Citizen
R-CALF USA
Vermont Fuel Dealers Association
West Virginia Oil Marketers and Grocers Association
Wyoming Petroleum Marketers & Convenience Store Association