



THE FINANCIAL SERVICES ROUNDTABLE 
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MANAGED FUNDS ASSOCIATION



September 18, 2008

The Honorable Nancy Pelosi
Speaker
H232 Capitol
Washington, DC 20515

The Honorable John Boehner
House Republican Leader
H204 Capitol
Washington, DC 20515

Dear Madam Speaker and Republican Leader Boehner:

The undersigned trade associations urge you to oppose H.R. 6604, the “Commodity Markets Transparency and Accountability Act of 2008.” The House of Representatives defeated substantially the same bill when it was placed on the suspension calendar July 30th, 2008.

We are concerned with provisions in H.R. 6604 that could impact U.S. financial markets at a time of stress in the world financial system. Indeed, this is not the time to pass legislation that does not have the support of federal financial regulators (7-28-2008 views of the President’s Working Group on Financial Markets concerning H.R. 6604). It is difficult to predict all unintended consequences of the expansive new provisions in this legislation.

This legislation will significantly reduce liquidity in the U.S. futures and derivatives markets and drive trading overseas. As proposed, it raises significant scope and policy issues, as well as technical issues that will cause long-term damage to the U.S. financial markets. By creating legal uncertainty, the bill will also increase market disruption in the over-the-counter (“OTC”) markets. Further, H.R. 6604 will impair the ability of pension plans, university endowments, charitable foundations and mutual funds to protect their beneficiaries and shareholders by making it more difficult to hedge various forms of financial risks and shield them from market downturns.

The CFTC report released last week (“Staff Report on Commodity Swap Dealers & Index Traders with Commission Recommendations”) confirmed what economists, experts and editorial boards across the

country have already concluded: speculative investment does not drive global energy prices. The CFTC report disproves claims that increased investment flow by speculative traders caused this year's spike in oil prices, stating, "As crude oil prices were increasing during the period December 31, 2007 to June 30, 2008, the activity of commodity index traders in crude oil during this period reflected a net decline of futures equivalent contracts."

Certain provisions within H.R. 6604 could seriously impair economically beneficial activity while doing little, if anything to lower rising commodity costs. Indeed, by restricting access to the commodity markets the legislation threatens to increase volatility and price instability. The answer to solving America's energy crisis can be found in a myriad of solutions including addressing supply and demand, increasing conservation, and promoting alternative sources of energy, but not through limiting legitimate investment options and financial risk management tools.

Again, the members represented by the undersigned trade associations oppose H.R. 6604, "The Commodity Markets Transparency and Accountability Act of 2008." Thank you in advance for your consideration, and we look forward to a continued dialogue on these critical, outstanding issues.

Sincerely,

Commodity Markets Council

Financial Services Forum

Financial Services Roundtable

Futures Industry Association

International Swaps and Derivatives Association

Investment Company Institute

Managed Funds Association

Securities Industry and Financial Markets Association