



Futures Industry Association

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September 18, 2008

The Honorable Nancy Pelosi
Speaker
H232 Capitol
Washington, DC 20515

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

Dear Madam Speaker and Minority Leader:

The Futures Industry Association joins other financial services trade associations in vigorously opposing the amendment in the nature of a substitute to be offered to H.R. 6604, the Commodity Markets Transparency and Accountability Act of 2008. As amended, H.R. 6604 would harm consumers, retirees, hedgers, the U.S. futures industry and the U.S. economy. It also would add stress to our financial markets at a time when stress is the last thing we need.

Today, we are experiencing unprecedented market turmoil affecting financial institutions world-wide. These institutions have relied on hedging in the futures markets to weather price volatility. H.R. 6604 sends the wrong message by limiting their ability to hedge on the U.S. futures exchanges.

H.R. 6604 erroneously targets futures traders as the cause of high energy and commodity prices, even as those prices have declined over 40% over the last two months. The factual evidence contained in the recent report of the Commodity Futures Trading Commission offers no support to the "futures caused high prices" claim. Nevertheless, the CFTC is ready to take regulatory actions targeted to address the transparency and hedging concerns that underlie H.R. 6604. While FIA supports additional CFTC resources, more transparency and legal certainty for futures commission merchant firms, until the CFTC's program has been tested and implemented, we see no reason for Congress to act now.

If the House must act, then H.R. 6604 is the wrong approach. H.R. 6604 would harm liquidity and reduce hedging on U.S. futures markets at a time when we should be encouraging risk management in the transparent, open and financially secure environment offered by exchange trading. H.R. 6604 also would encourage traders to move overseas, lead to distortions in price discovery and undermine international regulatory cooperation.

FIA shares every American's concerns with high energy and commodity prices. We fear that H.R. 6604 because it will impact liquidity in the markets could lead to more price volatility and even make prices rise. FIA urges the House not to adopt H.R. 6604.

Sincerely,

A handwritten signature in black ink, appearing to read 'John M. Damgard'. The signature is fluid and cursive, with a large initial 'J' and 'D'.

John M. Damgard
President