

# **COMMODITY MARKETS OVERSIGHT COALITION**

**An Alliance of Commodity Derivatives End-Users and Consumers**

June 24, 2013

The Hon. Tom Udall, Chairman  
Subcommittee on Financial Services  
U.S. Senate Committee on Appropriations  
The Capitol Building, Room S-128  
Washington, DC 20510

The Honorable Mike Johanns, Ranking Member  
Subcommittee on Financial Services  
U.S. Senate Committee on Appropriations  
The Capitol Building, Room S-128  
Washington, DC 20510

## **Re: Fiscal Year 2014 Appropriation for the Commodity Futures Trading Commission**

Dear Chairman Udall and Ranking Member Johanns:

The undersigned members of the Commodity Markets Oversight Coalition write to urge full funding for the Commodity Futures Trading Commission (CFTC) at the \$315 million level as requested by the administration in its Fiscal Year 2014 Budget.

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.

Congress tasked the historically under-funded CFTC with the mission of preserving the integrity of the commodity derivatives markets and protecting market participants and the general public from fraud, manipulation and disruptive trading practices. In the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, Congress expanded CFTC authority to the over-the-counter swaps markets. As a result, the CFTC must now monitor roughly \$300 trillion dollars in annualized trading activity, an increase of 5,000 percent. All the while, the CFTC must endeavor to keep up with complex new market trends such as High Frequency Trading and respond to challenges to the U.S. financial system, including the recent MF Global and PFGBest crises.

Despite this, Congress has provided a mere 18 percent increase in CFTC funding since the enactment of the Dodd-Frank Act. In the House of Representatives, appropriators have even proposed cuts to the CFTC's budget. In fact, the most recent version of the House Agriculture Appropriations bill proposes a six percent cut to CFTC funding, from the \$206.6 million provided in FY13 to a proposed \$194.6 million. This is far below the \$315 million necessary for the CFTC to fulfill its mission and could jeopardize market security, stability and confidence. Therefore, our coalition strongly opposes the funding level proposed in the House bill.

We are also very concerned with language included in the House bill that would limit the ability of the CFTC to (1) harmonize rules with other financial regulators including overseas and international counterparts; and (2) make necessary investments in personnel in order to carry out adequate market surveillance and enforcement. It could also diminish the CFTC's ability to prosecute the most egregious violations of the Commodity Exchange Act such as misuse of customer funds, market manipulation and fraud. As appropriations legislation moves forward we urge you to ensure that these policy riders are not enacted into law.

Again, we urge you to provide the CFTC with the funds and budgetary flexibility necessary to fully implement derivative market reforms, enforce new and existing trading rules and prosecute violations of the law. Doing so will help provide our industries, businesses and consumers with competitive, transparent and well-functioning commodity markets for years to come.

Thank you in advance for your consideration and support.

Sincerely,

American Feed Industry Association  
American Public Gas Association  
American Public Power Association  
American Trucking Associations  
California Black Farmers & Agriculturalists Association  
California Independent Oil Marketers Association  
California Service Station and Automotive Repair Association  
Colorado Petroleum Marketers Association  
Connecticut Energy Marketers Association  
Consumer Federation of America  
Florida Petroleum Marketers Association  
Food & Water Watch  
Fuel Merchants Association of New Jersey  
Gasoline & Automotive Service Dealers of America  
Industrial Energy Consumers of America  
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  
NAFA Fleet Management Association  
National Association of Oil & Energy Service Professionals  
National Association of Shell Marketers  
National Family Farm Coalition  
National Farmers Union  
National Grange  
National Latino Farmers & Ranchers Trade Association  
New Jersey Citizen Action Oil Group  
New England Fuel Institute  
New Mexico Petroleum Marketers Association  
New York Oil Heating Association  
North Dakota Petroleum Marketers Association  
North Dakota Retail Association  
Oil Heat Council of New Hampshire  
Oil Heat Institute of Long Island  
Oil Heat Institute of Rhode Island

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Organization for Competitive Markets  
Petroleum Marketers & Convenience Store Association Kansas  
Petroleum Marketers & Convenience Stores of Iowa  
Petroleum Marketers Association of America  
Public Citizen  
Ranchers-Cattlemen Legal Action Fund (R-CALF) USA  
Vermont Fuel Dealers Association  
West Virginia Oil Marketers and Grocers Association  
Wyoming Petroleum Marketers Association

cc: The Honorable Dick Durbin, Senate Appropriations Subcommittee on Financial Services  
The Honorable Jerry Moran, Senate Appropriations Subcommittee on Financial Services  
The Honorable Debbie Stabenow, Chairwoman, Senate Committee on Agriculture  
The Honorable Thad Cochran, Ranking Member, Senate Committee on Agriculture  
The Honorable Frank Lucas, Chairman, House Committee on Agriculture  
The Honorable Collin C. Peterson, Ranking Member, House Committee on Agriculture  
The Honorable Harold Rogers, Chairman, House Committee on Appropriations  
The Honorable Nita Lowey, Ranking Member, House Committee on Appropriations  
The Honorable Gary Gensler, Chairman, Commodity Futures Trading Commission  
The Honorable Bart Chilton, Commissioner, Commodity Futures Trading Commission  
The Honorable Jill Sommers, Commissioner, Commodity Futures Trading Commission  
The Honorable Scott O'Malia, Commissioner, Commodity Futures Trading Commission  
The Honorable Mark Wetjen, Commissioner, Commodity Futures Trading Commission