



Dorothy Coleman
Vice President
Tax and Domestic Economic Policy

June 5, 2015

U.S. House of Representatives
Washington, D.C. 20515

Dear Representative:

The National Association of Manufacturers (NAM), the largest manufacturing association in the United States representing manufacturers in every industrial sector and in all 50 states, supports provisions in the Commodity End User Relief Act (H.R. 2289), to clarify that non-financial companies, like manufacturers, that use derivatives to manage business risk will not be subject to onerous and harmful regulatory requirements.

Manufacturers use derivatives to manage and mitigate against fluctuations in commodity prices and currency and interest rates. The NAM worked to include provisions in the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L.111-203) to protect manufacturers' use of over-the-counter derivatives. We continue to work to ensure that, as Dodd-Frank is implemented, end-users do not face undue burdens. Imposing unnecessary regulation on end-users would limit their ability to use these important risk management tools, increasing costs and negatively impacting business investment, U.S. competitiveness and job growth.

Provisions included in H.R. 2289 would ensure that non-financial end-users trading through a centralized treasury unit ("CTU") are covered by the end-user clearing exemption provided by the Dodd-Frank Act. Without the clarification on CTUs, non-financial end-users may be swept into costly clearing requirements meant for financial entities, simply because they use a CTU to manage internal and external trading to mitigate risk within a corporate entity -- an industry "best practice".

The CFTC reauthorization also includes an NAM-supported provision that requires the CFTC to take an affirmative action before lowering the swap dealer *de minimis* threshold. Without this provision, the *de minimis* level of swap dealing automatically drops from the \$8 billion to \$3 billion in the near future, sweeping some manufacturers into bank-like regulatory requirements.

Almost five years after the enactment of Dodd-Frank, implementation of the Act is well underway and deadlines for compliance with various regulations are looming. End-users remain extremely concerned about the lack of clarity on the CTU issue and the automatic drop in the *de minimis* threshold for swap dealing among other issues. Thank you in advance for supporting provisions in H.R. 2289 to ensure that derivatives regulation is focused on needed areas, and not on imposing unnecessary regulatory burdens on manufacturers.

Sincerely,