

THE COMMERCIAL ENERGY WORKING GROUP



June 5, 2015

Dear Member of Congress:

The Commercial Energy Working Group (“Working Group”) and the Commodity Markets Council (“CMC”) collectively represent American manufacturers, producers, farmers, ranchers and energy companies and their employees and families. We ask you to support H.R. 2289, the Commodity End-User Relief Act, when it is considered on the House Floor during the week of June 8, 2015.

CMC is a trade association that brings together exchanges and their industry counterparts. Our members include commercial end-users which utilize the futures and swaps markets for agriculture, energy, metal and soft commodities. Our industry member firms include regular users and members of such designated contract markets (each, a “DCM”) as the Chicago Board of Trade, Chicago Mercantile Exchange, ICE Futures U.S., Minneapolis Grain Exchange and the New York Mercantile Exchange. They also include users of swap execution facilities (each, a “SEF”). The businesses of all CMC members depend upon the efficient and competitive functioning of the risk management products traded on DCM, SEFs or over-the-counter markets. As a result, CMC is well positioned to provide consensus views of commercial end-users of derivatives on the impact of H.R. 2289.

The Working Group is a diverse group of commercial firms in the energy industry whose primary business activity is the physical delivery of one or more energy commodities to others, including industrial, commercial and residential consumers. Members of the Working Group are producers, processors, merchandisers and owners of energy commodities. Among the members of the Working Group are some of the largest users of energy derivatives in the United States and globally.

H.R. 2289 contains legislative improvements critical to American companies that use derivatives markets to manage risks as end-users – not as speculators. These companies had nothing to do with the financial crisis, but have unfortunately been affected by the unintended consequences of applying the law to them. H.R. 2289 ensures that non-financial businesses are able to continue engaging in routine commercial risk-management transactions without the burden of regulations aimed at banks and investment firms.

H.R. 2289 would significantly reduce paperwork costs, ensure the availability of cost/risk management tools and ensure that purely commercial agreements are not treated as financial products. It would enable end-users to continue using derivatives markets to manage risks and minimize cost volatility, while ensuring that markets are not disrupted because of unintended consequences.

We applaud CFTC Chairman Massad’s efforts to address many of the issues covered by H.R. 2289. While the CFTC has been sensitive to end-users’ concerns, these concerns can ultimately be addressed permanently by changing the underlying law.

We respectfully urge your support for H.R. 2289. Enacting this legislation will ensure that non-financial businesses will not be unintentionally harmed by laws designed to regulate the financial industry.

Sincerely,

**Sutherland Asbill & Brennan LLP on behalf of The Commercial Energy Working Group
Commodity Markets Council**