



April 22, 2008

Members of the Conference Committee on H.R. 2419  
U.S. Capitol Building  
Washington, DC 20515

Dear Conferee:

The undersigned organizations support the pending Commodity Futures Trading Commission reauthorization legislation. We are grateful for the leadership which the House and Senate Agriculture Committees have shown in keeping America's derivative markets strong. We are hopeful that the Conference Committee will complete its work expeditiously in order to allow the Commission to begin to implement the new and important powers the legislation would confer, including enhanced regulatory oversight of certain energy markets and enhanced enforcement powers for certain retail foreign currency (FX) transactions.

However, the undersigned organizations must oppose amendments which would extend CFTC jurisdiction to certain leveraged, margined or financed commodity (except FX) transactions with retail customers. These amendments, which we understand may be among the last CFTC issues considered by the Conferees, go far beyond what has been recommended by the President's Working Group on Financial Markets to deal with abuses in retail FX transactions. While such efforts are well-intentioned and reflect concerns about the ramifications of two judicial decisions that dismissed Commission efforts to bring fraud causes involving retail FX transactions, in our view the proposed solution risks changing the CFTC's statutory mission dramatically and could create problems worse than those sought to be addressed.

The Commission at its core is a national, even international, market oversight agency. For decades, Congress has made it the Commission's central mission to oversee a wide array of centralized trading markets and clearing systems to ensure market and financial integrity. We are concerned that the proposals described above would change the Commission's principal statutory mission and cause the CFTC to divert its attention from policing exchange markets for price manipulation and other abuses, as well as the myriad other important functions the agency already performs. We are concerned that this shift in focus would harm both these trading markets and those who use them, and note that the Commission itself has not sought this change.

Additionally, we fear these proposals are premature, and have not been fully vetted with the seriousness and scrutiny they deserve. For instance, the courts are still considering the legal issue which the proposal seeks to address, and the Commission

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has filed a pending rehearing petition in one of these cases. The judicial process should be allowed to run its course and then, if statutory amendments are needed, Congress should consider them after a thorough review and opportunity for greater involvement by the Federal agencies and market participants.

Once again, we are grateful for the leadership and deliberation shown by the House and Senate Agriculture Committees. We urge you to pass this important legislation at the earliest opportunity, and we hope you will reject amendments which would increase legal uncertainty and shift the CFTC's focus from its important role of regulating America's derivative markets. As always, we stand ready to assist you in any way we can.

Sincerely,

Futures Industry Association

International Swaps and Derivatives Association

Managed Funds Association

Securities Industry and Financial Markets Association