

COMMODITY MARKETS OVERSIGHT COALITION

April 23, 2010

The Honorable Harry Reid
Majority Leader, U.S. Senate
522 Hart Senate Office Building
Washington, DC 20510

Dear Majority Leader Reid:

The undersigned organizations write to urge inclusion of the “Wall Street Transparency and Accountability Act,” which was reported out of the Agriculture Committee on Wednesday by a bipartisan vote, in the “American Financial Stability Act” (S.3217) - otherwise known as the comprehensive “Wall Street Reform” bill - to be debated on the Senate floor next week.

Formed in 2007, the Commodity Markets Oversight Coalition is an informal alliance of industry groups, consumer advocates and academics, representing commodity producers, processors, distributors, retailers, and residential, commercial and industrial end-users. We believe that policy in the commodity trading markets should aim to strengthen oversight, transparency and stability, and to address inadequacies in the existing derivatives markets, both regulated and over-the-counter.

To this end, the Agriculture Committee legislation constitutes the most reform-minded legislative proposal to-date. Written under the leadership of Chairman Blanche Lincoln, this legislation makes significant improvements over previous proposals. For example, unlike other derivatives reform proposals, it would:

- **Require clearing for 90% of all derivatives** and while it exempts legitimate commercial end-users from this mandate, it is precisely written so as to prevent the financial industry from exploiting this exemption as a new loophole.
- **Implement stronger post-trade transparency requirements** for all trades, without exception, and calls for “real time” reporting. Other proposals lack these vital requirements.
- **Makes vital improvements in transparency and accountability for swaps dealers and Major Swap Participants**, including new fiduciary responsibilities with respect to governments, municipalities and pension funds.
- **Require federal regulators set aggregate speculative position limits** across all markets rather than making such limits discretionary.
- **Require reporting of ForEx and regulate ForEx swap traders**, and require the U.S. Treasury Secretary to provide a report to Congress should the Secretary determine that ForEx forwards and swaps should still be exempt.
- **Eliminate casino-style gaming contracts** with respect to certain derivatives trades.

We hope that you will consider this request with utmost urgency. This may be the Congress’ best opportunity to pass meaningful reform of the derivatives markets, to address excessive speculation and prevent derivatives market fraud and abuse, and to prevent a recurrence of a market bubble and subsequent collapse that nearly brought down the entire American economy.

Thank you in advance for your consideration and support.

Sincerely,

Air Transport Association

American Cotton Shippers Association
American Feed Industry Association
Agricultural Retailers Association
American Trucking Associations
Atlantic Cotton Association
California Black Farmers & Agriculturalists Association
California Independent Oil Marketers Association
Colorado/Wyoming Petroleum Marketers Association
Consumer Watchdog
Florida Petroleum Marketers Association
Food & Water Watch
Friends of the Earth
Fuel Merchants Association of New Jersey
Gasoline & Automotive Dealers Association of America
Grass Roots International
Illinois Petroleum Marketers Association
Independent Connecticut Petroleum Association
Institute for Agriculture & Trade Policy
Louisiana Oil Marketers & Convenience Store Association
Maryknoll Office for Global Concerns
Massachusetts Oilheat Council
Maine Energy Marketers Association
Michigan Petroleum Association
Mid-Atlantic Petroleum Distributors' Association
Missionary Oblates of Mary Immaculate
National Association of Oil Heating Service Managers
National Association of Truck Stop Operators
National Family Farm Coalition
National Farmers Union
National Grange
National Latino Farmers & Ranchers Trade Association
Nebraska Petroleum Marketers & Convenience Store Association
New England Fuel Institute
New Mexico Petroleum Marketers Association
New York Oil Heating Association
North Dakota Petroleum Marketers Association
North Dakota Retail Association
North Dakota Propane Gas Association
Oil Heat Institute of Long Island
Oil Heat Council of New Hampshire
Oil Heat Institute of Rhode Island
The Organization for Competitive Markets
Petroleum Marketers Association of America
Petroleum Marketers & Convenience Store Association Kansas
Petroleum Marketers & Convenience Stores of Iowa

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Propane Gas Association of New England
Public Citizen
R-CALF USA
South Dakota Petroleum & Propane Marketers Association
Southern Cotton Association
Texas Cotton Association
United Egg Producers
Utah Petroleum Marketers & Retailers Association
Vermont Fuel Dealers Association
Washington Oil Marketers Association
West Virginia Oil Marketers and Grocers Association
Western Cotton Shippers Association
Western Peanut Growers
Western Petroleum Marketers Association

cc: U.S. Senate Democratic Caucus