January 6, 2015

Re: End-User Support for Passage of Derivatives End-User Bill Incorporated in the Terrorism Risk Insurance Program Reauthorization Act (H.R. _____)

Dear Representative:

The Coalition for Derivatives End-Users, representing hundreds of end-user companies that employ derivatives to manage business risk, writes to urge your support for the passage of language important to end-users incorporated into H.R. _____, the Terrorism Risk Insurance Program Reauthorization Act. The Coalition strongly supports this language and urges the House of Representatives to pass it – once again – with overwhelming bipartisan support.

The Terrorism Risk Insurance Program Reauthorization Act incorporates the language of H.R. 634/S. 888, the Business Risk Mitigation and Price Stabilization Act, which passed the House of Representatives last Congress by a vote of 411-12. This same language was incorporated into S. 2244, the Terrorism Risk Insurance Program Reauthorization Act of 2014, which the House of Representatives passed just weeks ago by a vote of 417-7. The language would not help financial companies. It would not create any systemic risk. It would not reverse any regulatory policy. And it would not create an exemption that Congress did not intend. In fact, it fulfills the commitments made on the record to end-users by the committee chairs and sponsors of the Dodd-Frank Act at the time of its passage. The end-user language simply would protect main street companies from harmful and unnecessary margin requirements and preserve jobs.

A Coalition survey of chief financial officers and corporate treasurers released earlier this year underscores the need for the end-user provisions contained in H.R. ____. Eighty-six percent of survey respondents indicated that fully collateralizing over-the-counter derivatives would adversely impact business investment, acquisitions, research & development and job creation. Another Coalition survey found that a 3% initial margin requirement could reduce capital spending by as much as $5.1 to $6.7 billion among S&P 500 companies alone and cost 100,000 to 130,000 jobs.

Throughout the legislative process surrounding the Dodd-Frank Act, the Coalition has supported efforts to increase transparency in the derivatives markets and enhance financial stability for the U.S. economy through thoughtful new regulation while avoiding needless costs. The passage of the end-user margin language would allow companies to focus their efforts and capital on innovation, growth, and job creation.

Sincerely,

Agricultural Retailers Association
Business Roundtable
Commodity Markets Council
Financial Executives International
National Association of Corporate Treasurers
National Association of Manufacturers
U.S. Chamber of Commerce