

# NEWS RELEASE

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## **Industry Statement on Legal Certainty Provisions of Ewing Bill**

The undersigned industry groups commend Representative Tom Ewing, Chairman of the House Subcommittee on Risk Management and Specialty Crops, for the legal certainty provisions of H.R. 4541, "The Commodity Futures Modernization Act of 2000". Legal certainty for OTC derivatives transactions is an important public policy objective for which the undersigned have worked actively for many years.

The legal certainty provisions of Chairman Ewing's legislation build upon the unanimous recommendations of the Secretary of the Treasury, the Chairman of the Board of Governors of the Federal Reserve, the Chairman of the Commodity Futures Trading Commission, and the Chairman of the Securities and Exchange Commission (the members of the President's Working Group on Financial Markets) that Congress enact legislation that generally would exclude OTC derivatives transactions based on financial commodities from the Commodity Exchange Act. This will provide legal certainty that these transactions will continue to be enforceable in accordance with their terms and in turn promote financial innovation and reduce systemic risk. We are also pleased that Chairman Ewing's legislation retains and strengthens the Treasury Amendment, which provides legal certainty for OTC transactions in or involving foreign currency, government securities and other enumerated commodities. The Treasury Amendment should be retained as a key component of a modernized CEA. We also welcome the decision of Chairman Ewing to include in his bill provisions intended to provide statutory legal certainty for other

categories of OTC derivatives transactions, including transactions based on energy and metals commodities and so-called “hybrid transactions”.

We look forward to working with Chairman Ewing, his colleagues in the House and Senate, the various Committees of the Congress, the Administration, the regulatory agencies and interested parties in the private sector as the legislative process moves forward.