

ANNOUNCEMENT

May 30, 2000

Industry Statement Supporting Legal Certainty Provisions of the 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 over-the-counter (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 System, 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 from the Commodity Exchange Act OTC derivatives transactions based on financial commodities. This action will provide legal certainty that these transactions continue to be enforceable in accordance with their terms and in turn promote financial innovation and reduce systemic risk. We are also pleased to note 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 Commodity Exchange Act. We also welcome the decision by 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 congressional committees, the Administration, the regulatory agencies, and the interested parties in the private sector as the legislative process moves forward.

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