Oppose Inclusion of Swaps Push-Out Language in FY15 Omnibus

The New England Fuel Institute (NEFI) and the Petroleum Marketers Association of America (PMAA), which together represent retail and wholesale motor fuel and home heating oil marketers, **oppose the inclusion of language in the draft Omnibus that would effectively repeal the "swaps push-out" provision** (Section 716) of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

The swaps push-out provision prohibits financial institutions that engage in exceptionally risky derivatives trading from receiving federal assistance (i.e., access to the Fed discount window and FDIC deposit insurance and guarantees) unless they "push out" these activities into non-bank affiliates. The repeal of this provision could result in an increase in risk-taking in derivatives, including in commodity derivatives such as oil and corn, and would further blur the line between commercial/depository banking and purely speculative trading. Banks would be able to engage in such activates with the added benefit of access to taxpayer-provided safety nets. This contradicts efforts by Congress which - after vigorous debate in conference committee in June of 2010 - had reached a bipartisan consensus to include the "push-out" provision in the final version of Dodd-Frank.

Congress enacted Dodd-Frank to prevent another financial crisis and tax-payer bailouts of Wall Street, and to curb the kinds of unwarranted price spikes that led to unjustifiably high energy prices in 2008. This bill would undermine all of these goals.

Again, we hope you will urge your colleagues to drop the swaps push-out language from the final Fiscal Year 2015 Omnibus.