



Americans for Financial Reform
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March 21, 2012

The Honorable Richard Durbin
711 Hart Senate Office Building
Washington DC, 20510

The Honorable Ben Nelson
720 Hart Senate Office Building
Washington DC, 20510

The Honorable Jerry Moran
354 Russell Senate Office Building
Washington DC, 20510

The Honorable Mark Kirk
524 Hart Senate Office Building
Washington DC, 20510

The Honorable Frank R. Lautenberg
324 Hart Senate Office Building
Washington DC, 20510

Dear Senators Durbin, Moran, Lautenberg, Nelson and Kirk:

In light of Today's Financial Services subcommittee hearing on appropriations for the Commodity Futures Trading Commission, we are writing to urge you to support the full funding level of \$308 million proposed for the agency in the President's budget. Americans for Financial Reform is an unprecedented coalition of over 250 national, state and local groups who have come together to reform the financial industry. Members of our coalition include consumer, civil rights, investor, retiree, community, labor, faith based and business groups.

The CFTC role in regulating financial markets is vital to businesses who use commodity markets to hedge bona fide business risks, vital to the economic well-being of American families who rely on affordable prices for products like gasoline and food, and vital to the stability of our overall financial system. In response to the devastating financial crisis of 2008, Congress has greatly expanded the CFTC's derivatives market oversight responsibilities. The Dodd Frank Act charges the CFTC with responsibility for approximately \$300 trillion in previously unregulated domestic swaps markets -- an 8-fold increase in the notional value of the market the CFTC must supervise. Regulating swaps is a key step in preventing future financial market catastrophes. In addition, the Act charges the CFTC with setting position limits on ownership of commodity contracts to prevent excessive speculation, price distortion, and possible manipulation. Such excessive speculation costs consumer and industrial users of commodities many billions of dollars a year.

Despite the enormous increase in the scope of the CFTC's supervisory authority, last year the Congress effectively froze CFTC funding at a current services level of \$205 million. This funding level is not sufficient to effectively oversee the commodities markets and protect our

financial system. Indeed, in light of the failure of oversight at MF Global, it is questionable whether this funding level is even sufficient to properly enforce even pre-Dodd Frank law in the commodity and futures markets. At its current funding level, the CFTC is only 10 percent larger than its peak size in the 1990s, but the futures market alone has grown five-fold since that time. This is completely apart from the CFTC's new responsibility to oversee swaps markets.

The President's request of \$308 million is miniscule in comparison with the nearly \$340 trillion in notional value of markets that are supervised by the CFTC. It is even smaller in comparison to the costs of financial crises. These markets are central to our financial system. Failing to provide an additional \$102 million to enable proper supervision of hundreds of trillions of dollars in derivatives and commodity markets would have nothing to do with saving money. It would instead protect a broken and dangerous status quo and undermine effective oversight of our financial markets. After the enormous damage created by the financial crisis of 2008, it is no longer possible to deny the importance of such oversight.

The President has suggested that CFTC funding could be provided by a small fee on CFTC-supervised markets. Every other major financial regulatory agency is funded by such industry fees, instead of by general taxpayer funding. Raising the full \$308 million request from CFTC-supervised markets would require a fee of less than one penny per ten thousand dollars in notional trading value, while raising the incremental \$102 million would require a fee of less than one penny per thirty thousand dollars in notional value. It is hard to believe that such a fee would impose any real burden on market participants.

But regardless of how CFTC funding is provided, full funding for the agency is a necessity for effective financial market oversight and for the safety of our financial system. We strongly urge Congress to provide such funding at the President's requested level of \$308 million.

Sincerely,

Americans for Financial Reform

Cc: U.S. Senate Committee on Appropriations, Members

Following are the partners of Americans for Financial Reform.

All the organizations support the overall principles of AFR and are working for an accountable, fair and secure financial system. Not all of these organizations work on all of the issues covered by the coalition or have signed on to every statement.

- A New Way Forward
- AFL-CIO
- AFSCME
- Alliance For Justice
- Americans for Democratic Action, Inc
- American Income Life Insurance
- Americans United for Change
- Campaign for America's Future
- Campaign Money
- Center for Digital Democracy
- Center for Economic and Policy Research
- Center for Economic Progress
- Center for Media and Democracy
- Center for Responsible Lending
- Center for Justice and Democracy
- Center of Concern
- Change to Win
- Clean Yield Asset Management
- Coastal Enterprises Inc.
- Color of Change
- Common Cause
- Communications Workers of America
- Community Development Transportation Lending Services
- Consumer Action
- Consumer Association Council
- Consumers for Auto Safety and Reliability
- Consumer Federation of America
- Consumer Watchdog
- Consumers Union
- Corporation for Enterprise Development
- CREDO Mobile
- CTW Investment Group
- Demos
- Economic Policy Institute
- Essential Action
- Greenlining Institute
- Good Business International

- HNMA Funding Company
- Home Actions
- Housing Counseling Services
- Information Press
- Institute for Global Communications
- Institute for Policy Studies: Global Economy Project
- International Brotherhood of Teamsters
- Institute of Women's Policy Research
- Krull & Company
- Laborers' International Union of North America
- Lake Research Partners
- Lawyers' Committee for Civil Rights Under Law
- Move On
- NASCAT
- National Association of Consumer Advocates
- National Association of Neighborhoods
- National Community Reinvestment Coalition
- National Consumer Law Center (on behalf of its low-income clients)
- National Consumers League
- National Council of La Raza
- National Fair Housing Alliance
- National Federation of Community Development Credit Unions
- National Housing Trust
- National Housing Trust Community Development Fund
- National NeighborWorks Association
- National Nurses United
- National People's Action
- National Council of Women's Organizations
- Next Step
- OMB Watch
- OpenTheGovernment.org
- Opportunity Finance Network
- Partners for the Common Good
- PICO National Network
- Progress Now Action
- Progressive States Network
- Poverty and Race Research Action Council
- Public Citizen
- Sargent Shriver Center on Poverty Law
- SEIU
- State Voices
- Taxpayer's for Common Sense
- The Association for Housing and Neighborhood Development
- The Fuel Savers Club
- The Leadership Conference on Civil and Human Rights
- The Seminal
- TICAS
- U.S. Public Interest Research Group

- UNITE HERE
- United Food and Commercial Workers
- United States Student Association
- USAction
- Veris Wealth Partners
- Western States Center
- We the People Now
- Woodstock Institute
- World Privacy Forum
- UNET
- Union Plus
- Unitarian Universalist for a Just Economic Community

List of State and Local Signers

- Alaska PIRG
- Arizona PIRG
- Arizona Advocacy Network
- Arizonans For Responsible Lending
- Association for Neighborhood and Housing Development NY
- Audubon Partnership for Economic Development LDC, New York NY
- BAC Funding Consortium Inc., Miami FL
- Beech Capital Venture Corporation, Philadelphia PA
- California PIRG
- California Reinvestment Coalition
- Century Housing Corporation, Culver City CA
- CHANGER NY
- Chautauqua Home Rehabilitation and Improvement Corporation (NY)
- Chicago Community Loan Fund, Chicago IL
- Chicago Community Ventures, Chicago IL
- Chicago Consumer Coalition
- Citizen Potawatomi CDC, Shawnee OK
- Colorado PIRG
- Coalition on Homeless Housing in Ohio
- Community Capital Fund, Bridgeport CT
- Community Capital of Maryland, Baltimore MD
- Community Development Financial Institution of the Tohono O'odham Nation, Sells AZ
- Community Redevelopment Loan and Investment Fund, Atlanta GA
- Community Reinvestment Association of North Carolina
- Community Resource Group, Fayetteville A
- Connecticut PIRG
- Consumer Assistance Council
- Cooper Square Committee (NYC)

- Cooperative Fund of New England, Wilmington NC
- Corporacion de Desarrollo Economico de Ceiba, Ceiba PR
- Delta Foundation, Inc., Greenville MS
- Economic Opportunity Fund (EOF), Philadelphia PA
- Empire Justice Center NY
- Empowering and Strengthening Ohio's People (ESOP), Cleveland OH
- Enterprises, Inc., Berea KY
- Fair Housing Contact Service OH
- Federation of Appalachian Housing
- Fitness and Praise Youth Development, Inc., Baton Rouge LA
- Florida Consumer Action Network
- Florida PIRG
- Funding Partners for Housing Solutions, Ft. Collins CO
- Georgia PIRG
- Grow Iowa Foundation, Greenfield IA
- Homewise, Inc., Santa Fe NM
- Idaho Nevada CDFI, Pocatello ID
- Idaho Chapter, National Association of Social Workers
- Illinois PIRG
- Impact Capital, Seattle WA
- Indiana PIRG
- Iowa PIRG
- Iowa Citizens for Community Improvement
- JobStart Chautauqua, Inc., Mayville NY
- La Casa Federal Credit Union, Newark NJ
- Low Income Investment Fund, San Francisco CA
- Long Island Housing Services NY
- MaineStream Finance, Bangor ME
- Maryland PIRG
- Massachusetts Consumers' Coalition
- MASSPIRG
- Massachusetts Fair Housing Center
- Michigan PIRG
- Midland Community Development Corporation, Midland TX
- Midwest Minnesota Community Development Corporation, Detroit Lakes MN
- Mile High Community Loan Fund, Denver CO
- Missouri PIRG
- Mortgage Recovery Service Center of L.A.
- Montana Community Development Corporation, Missoula MT
- Montana PIRG
- Neighborhood Economic Development Advocacy Project
- New Hampshire PIRG
- New Jersey Community Capital, Trenton NJ
- New Jersey Citizen Action
- New Jersey PIRG
- New Mexico PIRG
- New York PIRG
- New York City Aids Housing Network

- New Yorkers for Responsible Lending
- NOAH Community Development Fund, Inc., Boston MA
- Nonprofit Finance Fund, New York NY
- Nonprofits Assistance Fund, Minneapolis M
- North Carolina PIRG
- Northside Community Development Fund, Pittsburgh PA
- Ohio Capital Corporation for Housing, Columbus OH
- Ohio PIRG
- OligarchyUSA
- Oregon State PIRG
- Our Oregon
- PennPIRG
- Piedmont Housing Alliance, Charlottesville VA
- Michigan PIRG
- Rocky Mountain Peace and Justice Center, CO
- Rhode Island PIRG
- Rural Community Assistance Corporation, West Sacramento CA
- Rural Organizing Project OR
- San Francisco Municipal Transportation Authority
- Seattle Economic Development Fund
- Community Capital Development
- TexPIRG
- The Fair Housing Council of Central New York
- The Loan Fund, Albuquerque NM
- Third Reconstruction Institute NC
- Vermont PIRG
- Village Capital Corporation, Cleveland OH
- Virginia Citizens Consumer Council
- Virginia Poverty Law Center
- War on Poverty - Florida
- WashPIRG
- Westchester Residential Opportunities Inc.
- Wigamig Owners Loan Fund, Inc., Lac du Flambeau WI
- WISPIRG

Small Businesses

- Blu
- Bowden-Gill Environmental
- Community MedPAC
- Diversified Environmental Planning
- Hayden & Craig, PLLC
- Mid City Animal Hospital, Pheonix AZ
- The Holographic Repatterning Institute at Austin
- UNET

