

May 4, 2012

Dear Member of Congress

On behalf of the undersigned organizations, we are writing to urge you to stand up for transparency and accountability in the financial markets and support the full funding level of \$308 million for the Commodity Futures Trading Commission (CFTC) in the President's proposed 2013 budget. Our groups represent consumer, labor, faith based, non-government, and business organizations who believe that proper oversight of our financial and commodities markets is crucial to economic stability and prosperity.

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. Congress took action to push derivatives trades out into the open and make them safer, ending practices that were central causes of the devastating financial crisis of 2008. It is now the CFTC's job to make these rules work. Their oversight responsibilities have been enormously expanded. 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. The futures market -- always a CFTC responsibility -- has grown five fold since the 1990's. In addition, the law 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 responsibility, last year the Congress effectively froze CFTC funding at a current services level of \$205 million. This funding level is not sufficient to enable the agency to effectively oversee the commodities and derivatives markets and protect our financial system from catastrophe.

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 the additional \$102 million requested in the President's budget to enable proper supervision of hundreds of trillions of dollars in derivatives and commodity markets would not save money. It would instead protect a broken and dangerous status quo, undermine effective oversight of our financial markets, and leave our economy at risk.

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 ridiculous to suggest 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,

ActionAid USA
AFL-CIO
American Federation of State, County and Municipal Employees (AFSCME)
American Sustainable Business Council
Americans for Financial Reform
AZPIRG
California Reinvestment Coalition
CALPIRG
CIP Americas Program
Citizen Action Group (CCAG)
Colorado Petroleum Marketers Association
Columban Center for Advocacy and Outreach
ConnPIRG
Consumer Action
Consumer Federation of America
Consumer Watchdog
Consumers Union
Food & Water Watch
Friends of the Earth
GASDA, Inc.
Holy Cross International Justice Office
International Brotherhood of Teamsters
Keystone Action
Maryknoll Office for Global Concerns and
Maryland PIRG
MASSPIRG
Missionary Oblates USA
National Catholic Rural Life Conference
National Community Reinvestment Coalition
National Consumers League
National Farmers Union
National Latino Farmers & Ranchers Trade Association
National People's Action
New England Fuel Institute (NEFI)
New Rules for Global Finance Coalition
New York Oil Heating Association, Inc.
NJPIRG
Oxfam America
Progress Texas

ProgressNow
ProgressNow Nevada
Project on Government Oversight
Public Citizen
R-CALF USA
Sisters of St. Francis of Philadelphia
The Air Line Pilots Association International
The Oakland Institute
The Petroleum Marketers Association of America (PMAA)
Tri-State Coalition for Responsible Investment
U.S. PIRG
WISCONSIN PIRG
Wyoming Petroleum Marketers Association