

October 25, 2000

EXTENSIONS OF REMARKS

24727

OCTOBER 18, 2000.

of India. May your leadership be strengthened through such decisive actions. We pray to God to help you in such efforts.

Respectfully,

The National Association of Asian Indian Christians in the USA, Inc., P.O. Box 279, Martinsville, NJ 08836.

PERSONAL EXPLANATION

HON. ROBERT W. NEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. NEY. Mr. Speaker, I submit the following statement for the CONGRESSIONAL RECORD. On September 24, 2000, I had personal family business and as a result missed rollcall vote numbers 541, 542, and 543. Please excuse my absence from this vote. If I were present, I would have voted "aye."

COMMODITY FUTURES
MODERNIZATION ACT OF 2000

SPEECH OF

HON. THOMAS W. EWING

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 19, 2000

Mr. EWING. Mr. Speaker, I am pleased to submit for the RECORD the following documents in support of H.R. 4541.

LETTERS OF SUPPORT RECEIVED

Ad Hoc Coalition of Commercial and Investment Banks, The Bond Market Association, Emerging Markets Traders Association, The Foreign Exchange Committee, Futures Industry Association, The Financial Services Roundtable, International Swaps and Derivatives Association, Securities Industry Association.

Morgan Stanley Dean Witter, Goldman, Sachs & Co., Merrill Lynch & Co., Inc., Citigroup Inc., The Chase Manhattan Bank, Credit Suisse First Boston, Inc.

Investment Company Institute, Enron Corp., Chicago Mercantile Exchange, Chicago Board of Trade, Securities Industry Association.

Energy Group: BP Amoco, Enron North America, Inc., Goldman, Sachs & Co., Koch Industries, Inc., Morgan Stanley Dean Witter, Phibro Inc., Sempra Energy Trading Corp.

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF MANAGEMENT AND BUDGET; STATEMENT OF ADMINISTRATION POLICY, OCTOBER 19, 2000

(This statement has been coordinated by OMB with the concerned agencies.)

H.R. 4541—COMMODITY FUTURES MODERNIZATION ACT OF 2000 (REP. EWING (R) ILLINOIS AND 3 CO-SPONSORS)

The Administration strongly supports the version of H.R. 4541, the Commodity Futures Modernization act of 2000, that the Administration understands will be considered on the House floor. This legislation would reauthorize the Commodity futures Trading Commission (CFIC) and modernize the Nation's legal and regulatory framework regarding over-the-counter (OTC) derivatives transactions

and markets. In so doing, H.R. 4541 also would implement many of the unanimous recommendations regarding the treatment of OTC derivatives made by the President's Working Group on Financial Markets, which includes the Secretary of the treasury and the Chairmen of the Federal Reserve Board of Governors, the Securities and Exchange Commission, and the Commodity Futures Trading Commission.

It is important that this legislation be enacted this year because of the meaningful steps it would take in helping to: promote innovation; enhance the transparency and efficiency of derivative markets; maintain the competitiveness of U.S. businesses and markets; and, potentially, reduce systemic risk. H.R. 4541 would accomplish these goals while assuring adequate customer protection for small investors and protecting the integrity of the underlying securities and futures markets. A failure to modernize the Nation's framework for OTC derivatives during this legislative session would deprive American markets and businesses of these important benefits and could result in the movement of these markets to overseas locations with more updated regulatory regimes. The Administration looks forward to working with Members of Congress to improve certain aspects of the bill as it continues through the legislative process.

OCTOBER 18, 2000.

Hon. DENNIS HASTERT,
The Speaker, House of Representatives, Washington, DC

Hon. RICHARD GEPHARDT, *Minority Leader, House of Representatives, Washington, DC*

DEAR SPEAKER HASTERT AND LEADER GEPHARDT: The undersigned organizations, representing the full range of the interested U.S. financial sector, strongly urge you and each of your colleagues to support "The Commodity Futures Modernization Act of 2000" (H.R. 4541) when it is considered by the House of Representatives this week.

This legislation would provide "legal certainty" that over-the-counter derivatives transactions will continue to be enforceable in accordance with their terms. Enhanced legal certainty for OTC derivatives will reduce systemic risk and the core legal certainty provisions of H.R. 4541 are based upon the unanimous recommendations of the Secretary of the Treasury, the Chairman of the Board of Governors of the Federal Reserve System and the Chairmen of both the Securities and Exchange Commission and the Commodity Futures Trading Commission.

These core legal certainty provisions were approved by overwhelming and bipartisan majorities of the House Agriculture, Banking and Commerce Committees and they have the virtually unanimous support of the private sector.

Final Congressional approval of H.R. 4541 this year is urgently needed. In addition to providing legal certainty for OTC derivatives, H.R. 4541 will modernize the extremely outmoded Commodity Exchange Act. This will reduce systemic risk, promote financial innovation and enable the United States to retain its leadership role in the global financial markets.

Sincerely,

Ad Hoc Coalition of Commercial and Investment Banks, The Bond Market Association, Emerging Markets Traders Association, The Foreign Exchange Committee, Futures Industry Association, International Swaps and Derivatives Association, Securities Industry Association.

Hon. LARRY COMBEST,
Chairman, House Agriculture Committee, Longworth House Office Building, Washington, DC

Hon. TOM EWING,
Chairman, Agriculture Subcommittee on Risk Mgt., Rayburn House Office Building, Washington, DC.

DEAR CHAIRMEN COMBEST AND EWING: As members of the Ad Hoc Coalition of Commercial and Investment Banks, the undersigned firms strongly urge the House to pass "The Commodity Futures Modernization Act of 2000" (HR 4541) when it is considered on the floor. This legislation is critical to securing legal certainty for our financial markets and to fostering continued American innovation in the increasingly important realm of derivative financial products. The President's Working Group on Financial Markets has testified that securing legal certainty for financial derivatives is imperative to reduce system risk and we strongly agree.

Clearly, the legislation represents compromises in terms of the objectives of all interested parties. However, HR 4541 successfully achieves the most important core objectives needed for the markets to prevent the flight of our domestic financial derivatives business abroad. In addition, the legislation makes historic changes in the operation of our domestic futures exchanges that will enable them to offer new products and to effectively compete with foreign exchanges.

We view enactment of HR 4541 to be extremely important and believe that the failure of Congress to enact the bill will have very significant, adverse consequences for the markets and market participants in this country. We applaud your leadership throughout the development of HR 4541 and urge your colleagues to take favorable action before the end of this session.

Sincerely,

MORGAN STANLEY DEAN
WITTER
GOLDMAN, SACHS & CO.
MERRILL LYNCH & CO., INC.
CITIGROUP INC.
THE CHASE MANHATTAN
BANK
CREDIT SUISSE FIRST
BOSTON INC.

CHICAGO MERCANTILE EXCHANGE,
CHICAGO BOARD OF TRADE,
Chicago, IL, October 19, 2000.

DEAR REPRESENTATIVE: We urge you to pass H.R. 4541, the Commodity Futures Modernization Act of 2000, scheduled to come to the House floor today. Simply put, vote for this bill is a vote for U.S. markets. A vote against the bill is a vote for London and other foreign markets.

Foreign exchanges are offering products that U.S. futures exchanges can't. That is a recipe for competitive disaster for the U.S. futures industry in today's global economy. London's futures exchange will take the unprecedented step of trading single stock futures on U.S. companies in January 2001. London joins nine other jurisdictions that know the marketplace wants this product that was "temporarily" banned in the U.S. 18 years ago.

H.R. 4541 is a comprehensive package that addresses this prohibition on single stock futures and provides a streamlined regulatory structure endorsed by financial regulators, one that meets the demands of today's dynamic and changing markets. It also provides the legal certainty that will allow U.S.

financial service firms to keep their swaps business in the U.S. rather than moving it off-shore.

Like any comprehensive legislation, this bill is not perfect from our perspective. However, it is critically important that H.R. 4541 be enacted into law this year to prevent our international competitors from having exclusive access to these new products.

Vote for U.S. investors and markets by supporting this historic legislation.

Sincerely,

CHICAGO BOARD OF TRADE,
CHICAGO MERCANTILE
EXCHANGE.

SULLIVAN & CROMWELL,
New York, NY, October 19, 2000

Hon. LARRY COMBEST,

Chairman, House Agriculture Committee, Longworth House Office Building, Washington, DC

Hon. TOM EWING,

Chairman, Agriculture Subcommittee, on Risk Mgt, Rayburn House Office Building, Washington, DC.

DEAR CHAIRMEN COMBEST AND EWING: On behalf of the entities listed below (collectively, the "Energy Group"), I write this letter to strongly urge enactment of H.R. 4541, the Commodity Futures Modernization Act of 2000. This legislation provides critical legal certainty for energy companies and allows them to provide risk management services to their clients and for themselves without risk that their transactions could later be found to violate the Commodity Exchange Act.

We applaud your leadership and the excellent work of your Committees and the other Committees of Congress in developing this legislation. Passage of the legislation will promote business and innovation in this important sector of the economy.

We appreciate your support of this initiative. We would be pleased to respond to any questions that any member might have.

Sincerely,

KENNETH M. RAISLER.

BP Amoco
Enron North America, Inc.
Goldman, Sachs & Co.
Koch Industries, Inc.
Morgan Stanley Dean Witter
Phibro Inc.
Sempra Energy Trading Corp.

ENRON CORP.,

Houston, TX, October 19, 2000.

Hon. LARRY COMBEST,

Chairman, House Agriculture Committee, Longworth House Office Building, Washington, DC.

DEAR MR. CHAIRMAN: I am writing to urge enactment of H.R. 4541, the Commodity Futures Modernization Act of 2000, by this Congress. This important legislation provides critical legal certainty for a range of transactions that are a central part of Enron's risk management and commodity trading businesses. Enron is the largest trader of natural gas and electricity in the U.S. and we actively trade other commodities. To facilitate our commodity trading business we have developed EnronOnline which is the world's largest business-to-business marketplace with over \$130 billion in trades since November 1999.

We appreciate the fine work of the House Agriculture, Commerce, and Banking Committees and applaud the leadership of their Chairmen and Ranking Members. The Bill is the product of hard work and compromise

and it would be unfortunate if this effort would have to wait until the next Congress to be rewarded.

Prompt adoption of H.R. 4541 will assure that Enron and others active in the commodity trading and risk management industry can continue to grow our businesses and provide innovative service to our customers without the risk and cost of legal uncertainty that now exists.

I appreciate your attention to this important matter and would be pleased to respond to any questions that you might have.

Sincerely,

KENNETH L. LAY,
Chairman.

SECURITIES INDUSTRY ASSOCIATION,
Washington, DC, October 18, 2000.

DEAR REPRESENTATIVE: I am writing on behalf of the Securities Industry Association ("SIA") to urge you to vote for H.R. 4541, the Commodity Futures Modernization Act of 2000. SIA believes that this legislation can ensure that American financial markets remain in the vanguard of innovation and investor protection. H.R. 4541 may be considered on the suspension calendar as early as today.

The legislation provides legal certainty for OTC derivatives. These provisions of the bill, which largely track the unanimous recommendations of the Report of the President's Working Group on Financial Markets, would finally remove the shadow of legal uncertainty that has threatened this vital sector of the U.S. capital markets for more than a decade. We can not stress too strongly the importance that we place on Congress enacting these provisions this year. We have consistently urged Congress, among other steps, to: Clarify the enforceability of derivatives transactions between eligible participants; exclude certain hybrid instruments from the CEA; remove restrictions on the clearance and settlement of OTC derivatives; clarify the instruments and transactions to which the Treasury Amendment applies; and exclude financial and certain non-agricultural commodities from the CEA.

While this legislation does not address every aspect of these issues, H.R. 4541 takes great strides in providing a legislative solution to those issues.

We also note that we have some lingering concerns with the bill's provisions that would eliminate legal prohibitions on single stock futures. SIA does not object to the bill on this basis and hopes that these issues can be resolved. With these concerns in mind, SIA strongly supports the overall goals of the legislation and urges Congress to move the process forward.

In our view the most important issue for Congress to resolve is the legal uncertainty affecting OTC derivatives and hybrid instruments involving non-exempt securities. Resolution of that issue should not be postponed. The problems engendered by the CEA are real and are exacerbated by the increasing globalization of financial markets. Markets can migrate quickly, and once established in a new, more hospitable legal environment, may not return. Congress has the power to maintain this country's preeminent leadership position in the global financial markets by moving promptly to correct this long-standing problem.

Rarely is Congress presented with the opportunity to make a material contribution to the mitigation of systemic risk, but H.R. 4541 presents just such an opportunity. SIA is greatly encouraged by the House Committees' action on H.R. 4541, and their efforts to

ensure passage of this key legislation this year. We ask that you build on this solid record of progress to ensure that United States capital markets remain competitive and on the cusp of innovation and urge you to vote for H.R. 4541. SIA stands ready to assist you in any way we can to facilitate enactment of legislation this year. We appreciate your consideration of our views.

Sincerely,

MARC E. LACKRITZ,
President.
STEVE JUDGE,
Senior Vice President,
Government Affairs.

INVESTMENT COMPANY INSTITUTE,
Washington, DC, September 19, 2000.

Hon. THOMAS W. EWING,

House of Representatives, Rayburn House Office Building, Washington, DC.

DEAR CONGRESSMAN EWING: The Investment Company Institute is writing to express our support for the version of H.R. 4541, the "Commodity Futures Modernization Act of 2000" scheduled for floor consideration today. This consensus bill reconciles the legislation reported by the Commerce, Banking and Agriculture Committees.

The Institute supports H.R. 4541 because of the Section 208 provisions in the legislation that apply important consumer and investor protections found in the Investment Company Act of 1940 to pools of single stock futures. Such language ensures that investors in pools of single stock futures will enjoy the same safeguards that have made mutual funds the investment choice for over 83 million Americans.

For this reason, we ask you to support this consensus legislation.

Sincerely,

MATTHEW P. FINK,
President.

HONORING JIM BARBIERI OF
INDIANA

HON. MARK E. SOUDER

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 25, 2000

Mr. SOUDER. Mr. Speaker, Bluffton, Indiana is not a large city. It is a small city nestled in the bluffs above the Wabash River in Indiana. It has grown to serve the surrounding prime agricultural land of Wells County.

Bluffton is renowned throughout Indiana and the country for its extraordinary newspaper. It doesn't have lots of color pictures and fancy charts. But it is stuffed with real news, in great detail, and topped by the world's most comprehensive headlines.

This is largely the product of Jim Barbieri, a throwback to earlier days of local journalism. An aggressive advocate, and when needed, critic of the local community, Jim is also active in State and National issues. But even in small-town Indiana, he also brings a world perspective.

His writing is thorough and fair. But it is also much more. Jim captures the room, the people in it, and the context of the debate. When one reads the Bluffton News-Banner it is though you had been at each event. Except that often, you learn a lot more from the article about the meeting than you learn at the meeting.