



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 19, 2000
(House)

STATEMENT OF ADMINISTRATION POLICY

(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 cosponsors)

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 (CFTC) 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.

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