

March 5, 2002

Honorable Tom Daschle  
Majority Leader  
United States Senate  
Washington, D.C. 20510

Honorable Trent Lott  
Minority Leader  
United States Senate  
Washington, D.C. 20510

Dear Senators Daschle and Lott:

The undersigned organizations, representing most of the dealers in swaps and other off-exchange derivatives contracts, and many of the businesses that use these contracts to manage the financial, commodity and other risks inherent in their core economic activities, **urge you to oppose Senator Feinstein's proposed amendment to the pending energy bill that would repeal key provisions of the Commodity Exchange Act (the "CEA")** applicable to OTC derivatives contracts in certain energy products.

- The amendment would impose new regulatory burdens on the parties to and dealers in these transactions and on the trading facilities they use.
- The amendment reverses policies adopted by Congress just 14 months ago as part of the landmark Commodity Futures Modernization Act of 2000 (the "CFMA"), enacted to provide certainty with respect to the legal enforceability and regulatory status of most OTC derivatives, including those based on energy products. The CFMA was the result of careful consideration over many years by four committees of the Congress and was supported by the Federal Reserve, the Department of the Treasury, the Securities and Exchange Commission and the Commodity Futures Trading Commission (the "CFTC", which administers the CEA).
- Adopting significant changes to legislation affecting the financial services industry is premature given the lack of hearings and analysis by the committees with jurisdiction over the CEA and ongoing investigations into Enron's financial collapse and the California energy crisis. New regulations should not be imposed without a clear finding that OTC energy derivatives contributed to the Enron collapse or the California energy crisis.
- The amendment apparently would also apply to OTC derivatives based on products such as metals which have no connection either to the Enron collapse or the California energy crisis.

We urge Congress and the appropriate regulatory agencies to thoughtfully consider the causes and effects of the Enron collapse and the California energy crises. Adoption of the amendment will preclude that consideration. **We urge you to vote against the Feinstein amendment.**

Very truly yours,

**INTERNATIONAL SWAPS AND  
DERIVATIVES ASSOCIATION  
AMERICAN BANKERS ASSOCIATION  
ABA SECURITIES ASSOCIATION  
THE BOND MARKET ASSOCIATION**

**THE FINANCIAL SERVICES ROUNDTABLE  
FUTURES INDUSTRY ASSOCIATION  
SECURITIES INDUSTRY ASSOCIATION  
U.S. CHAMBER OF COMMERCE**

cc: The United States Senate