

November 13, 2000

The Honorable J. Dennis Hastert  
The Speaker  
U.S. House of Representatives  
H232 The Capitol  
Washington, D.C. 20515

Dear Mr. Speaker:

The undersigned organizations strongly urge your assistance in securing favorable passage of the Financial Contracts Provisions contained in Title IX of S.420. These non-controversial provisions, were also included in H.R. 333, passed by the House in March and have recently been introduced in the House by Congressman Pat Toomey as a stand-alone bill, H.R. 3211, the Financial Contracts Bankruptcy Reform Act of 2001.

These provisions, which have bipartisan support and have passed the House on at least four occasions without opposition, reflect years of work with the President's Working Group on Financial Markets and include much needed improvement of the payment risk reduction and netting provisions of the bankruptcy code and bank insolvency laws.

The current economic climate, worsened by the tragedy of September 11, has made passage of these provisions, which provide certainty that netting of financial contracts are enforceable in the event of a counterparty failure, critical to systemic risk reduction given the combination of market disruption and economic uncertainty. These changes are vital preventive measures to the financial markets. Now more than ever, these provisions are needed to reduce financial systemic risk, to increase cash liquidity and to encourage investment.

Reflecting the desire to prevent unnecessary risk to the financial system, Treasury Secretary Paul O'Neill, Federal Reserve Chairman Alan Greenspan, SEC Chairman Harvey Pitt, FDIC Chairman Donald Powell, CFTC Acting Chairman Jim Newsome, OCC Comptroller John Hawke, and OTS Director Ellen Seidman have urged passage of netting legislation separate from the broader legislation this year.

Although we support passage of these provisions as a part of the larger bankruptcy reform legislation, and have supported this strategy for a number of years, we share the concerns of the key financial regulators that the broader legislation may not be resolved soon enough to allow passage this year.

We urge you and your leadership team to pass H.R. 3211 as quickly as possible so that we do not miss an opportunity for enactment this year.

Sincerely,

The Bond Market Association  
Emerging Markets Traders Association  
The Foreign Exchange Committee  
Futures Industry Association  
The Financial Services Roundtable  
International Swaps and Derivatives Association  
Investment Company Institute  
The New York Clearing House Association L.L.C.  
The Options Clearing Corporation  
Securities Industry Association

cc: The Honorable Richard Gephardt  
The Honorable Thomas A. Daschle  
The Honorable Trent Lott

November 13, 2000

The Honorable Richard Gephardt  
Democratic Leader  
U.S. House of Representatives  
H204 The Capitol  
Washington, D.C. 20510

Dear Mr. Leader:

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Securities Industry Association

cc: The Honorable J. Dennis Hastert  
The Honorable Thomas A. Daschle  
The Honorable Trent Lott

November 13, 2000

The Honorable Thomas A. Daschle  
Majority Leader  
U.S. Senate  
S221 The Capitol  
Washington, D.C. 20510

Dear Mr. Majority Leader:

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cc: The Honorable Trent Lott  
The Honorable J. Dennis Hastert  
The Honorable Richard Gephardt

November 13, 2000

The Honorable Trent Lott  
Republican Leader  
U.S. Senate  
S230 The Capitol  
Washington, D.C. 20510

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