

Congress of the United States

Washington, DC 20515

September 25, 2013

The Honorable Gary Gensler, Chairman
The Honorable Bart Chilton, Commissioner
The Honorable Scott O'Malia, Commissioner
The Honorable Mark Wetjen, Commissioner

U.S. Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Dear Chairman Gensler and Commissioners Chilton, O'Malia and Wetjen:

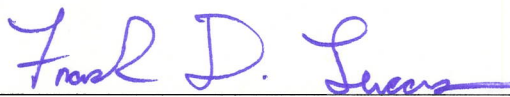
We write regarding concerns that have been brought to our attention with the Commodity Futures Trading Commission's (CFTC) November 14, 2012, proposed rule to improve protections for futures customers. While we support your efforts to protect customers in the futures markets and believe the Commission's proposal contains needed reforms, we have also heard from a wide variety of farmers, ranchers and small-to-medium sized Futures Commission Merchants (FCMs) who argue that parts of the rule could dramatically change their business models and prohibitively increase costs.

We certainly recognize that the failures of MF Global and Peregrine Financial Group inflicted terrible losses on futures customers, many of whom were farmers and ranchers merely seeking to hedge their commercial risks. We are pleased that the CFTC, self-regulatory organizations, industry trade groups, FCMs, and market participants have worked together in the interim to strengthen customer protections.

However, as you work to finalize the rule on customer protections, we ask that you weigh the benefits of these regulations against both the costs to America's farmers and ranchers and the potential impact on consolidation in the FCM industry. In making this determination, carefully consider the consequences of changing the manner or frequency in which "residual interest"—the capital an FCM must hold to cover customer positions—is calculated. The goal of increasing futures customer protections should be to strengthen the markets without harming the ability of American farmers, ranchers, and end-users to hedge their legitimate business risks.

Our Committees place a high priority on the concerns of the agricultural marketplace. We urge you to take these views into account as you review and vote on a final rule.

Sincerely,



Frank D. Lucas
Chairman
House Committee on Agriculture



Debbie Stabenow
Chairwoman
Senate Committee on Agriculture, Nutrition, and Forestry



Collin C. Peterson
Ranking Member
House Committee on Agriculture



Thad Cochran
Ranking Member
Senate Committee on Agriculture, Nutrition, and Forestry