

June 27, 2013

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

Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Chairman Gensler and Chairman White:

With the United States set to continue international financial reform discussions with G-20 partners in September 2013, we urge U.S. financial regulators to extend the current Exemptive Order expiring July 12th for the guidance on the cross-border application of swaps rules established in the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). Additionally, we urge U.S. financial regulators to harmonize these rules with each other, as well as with their appropriately regulated global counterparts, during future international negotiations.

In a letter recently sent to Treasury Secretary Lew, nine foreign Finance Ministers and the European Union's Commissioner of Internal Markets and Services expressed "concern at the lack of progress in developing workable cross-border rules...of the OTC [Over-the-Counter] derivatives markets." Left unaddressed, the failure to harmonize rules between the Securities and Exchange Commission (SEC), the Commodity Futures Trading Commission (CFTC), and our global counterparts will have substantial negative effects on our domestic businesses operating abroad as well as the safety and soundness of the American and international financial systems.

As you know, Over-the-Counter derivatives remain a crucially important financial tool for corporations, agriculture providers, investors, and financial services firms attempting to manage their risk. The Dodd-Frank Act enacted critical reforms to this marketplace, formerly rife with regulatory gaps. Implementation of these reforms, including clearing, trade reporting, higher capital levels, margin for uncleared swaps, business conduct requirements, and periodic regulatory reviews provide increased transparency and reduced risk in the OTC swaps market. However, the unilateral application of our rules to other countries that are presently working on complementary regulatory regimes will result in a flight of swaps activity away from U.S. banks overseas and further away from our oversight.

Furthermore, while ensuring a proper level of regulatory compliance abroad is imperative, failure to agree on a common regulatory framework poses risks and distortions, including:

- Competitive imbalances among market participants based upon the home jurisdiction of the participants;
- Inadvertent violations as market participants are forced to choose which regulatory regime to follow;

- Isolating risk inside countries or jurisdiction because of regulatory balkanization, which could create instabilities in the risk profiles of individual countries' markets; and
- Regulatory gaps, which subsequently could encourage regulatory "arbitrage," as market participants seek inappropriately regulated markets.

Providing a continuation of the Exemptive Order and continued negotiations over the harmonization of rules will provide for a sound and competitive international marketplace, rather than merely a safe U.S. market.

Thank you for your consideration of this letter. We look forward to working with you to address our concerns.

Sincerely,

Brad S. Schneider

John Carney

Jim Himes

Ron Kind

Suzan DelBene

John B. Larson

Bill Owens

Derek Kilmer

Dan Maffei

Patrick Murphy

Gerald E. Connolly

Sean Patrick Maloney

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Mike Quigley

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Kyrsten Sinema

Gregory W. Meeks

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Gwen Moore

Jared Polis

Mike McIntyre

David Scott

Steve Israel

Ann Kirkpatrick

Ann McLane Kuster

Bill Foster

Cc: Secretary of Treasury Jack Lew