



**Americans for Financial Reform**  
1629 K St NW, 10th Floor, Washington, DC, 20006  
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February 10, 2016

Dear Representative:

We are writing on behalf of Americans for Financial Reform to urge you to stand for consumers, businesses, and the public by fully funding the Commodity Futures Trading Commission. The CFTC's role in regulating commodity markets is vital to businesses that use commodity markets to hedge risks, vital to the economic well-being of American families who rely on affordable prices for products like gasoline and food, and vital to overall financial stability. Yet the CFTC's current funding level of \$250 million is inadequate to perform the core functions of the agency. Failing to fund the CFTC puts our economic security at risk, and it robs the agency of the tools it needs to hold accountable the Wall Street giants who dominate the derivatives markets.

Today, the CFTC's full time staff level barely exceeds that prevailing in the mid-1990s. Yet the volume of commodity futures trading has grown six-fold just over the past ten years. In addition, the Dodd-Frank Act has made the CFTC responsible oversight of previously unregulated over the counter derivatives markets that helped crash the world economy during the 2008 financial crisis. So even beyond the rapidly growing commodity futures markets, the CFTC is now responsible for approximately \$400 trillion in financial swaps markets — an additional eight-fold increase in the notional value of the market the CFTC must supervise.

The CFTC's role in regulating derivatives markets is a key protection against future financial catastrophes. Furthermore, by improving transparency in the derivatives market, the CFTC is helping to make these markets more competitive and efficient for end users. The CFTC's traditional role in policing commodity markets is also critical, as it protects consumers, families, and businesses against price manipulation of everyday products ranging from gasoline to groceries. As the example of MF Global shows, without effective oversight commodity market customers will also be vulnerable to loss of their funds. Currently, CFTC-regulated entities hold over \$200 billion in customer funds.

The CFTC's request for \$330 million represents an increase of \$80 million over the current funding level. Although this funding increase is miniscule compared to the size of CFTC-supervised markets and the risks they present to the economy, it does represent a significant percentage increase over the agency's budget at its low point in 2007. But that low point marked a period of woefully lax oversight of the markets now under the CFTC's jurisdiction. The over the counter derivatives markets – a key driver of the financial crisis - were almost completely unregulated at that time. The years 2007 and 2008 also saw an unprecedented increase in oil and

gas prices, due in significant degree to rampant and uncontrolled speculation in commodity derivatives markets. The increase in funding requested by the CFTC is necessary to correct the recent lack of oversight of central parts of our financial markets.

Over the past few years, the CFTC has demonstrated that it uses its funding effectively. The agency has completed over 85 percent of its derivatives rules, putting it far ahead of larger, better funded agencies in implementing the Dodd-Frank Act and bringing certainty to market participants. The CFTC played a critical leadership role in revealing large-scale manipulation of LIBOR interest rates, one of the most significant cases of financial market manipulation in modern history. Settlements in the LIBOR case alone have brought \$2 billion to the U.S. Treasury, with more to come.

In addition, much of the funding requested by the agency is slated to be used for purposes strongly supported by Congress. For example, additional funding will be used for improving oversight of cybersecurity, a major threat to market stability and national security, international harmonization of derivatives rules, better economic analysis and monitoring of the market impact of rules, and better oversight of customer margin to prevent another MF Global disaster.

Adequately funding the CFTC makes economic sense. Far from saving money, underfunding the CFTC undermines effective oversight of our financial markets and creates the potential for far greater economic damage. According to the GAO, the financial crisis of 2008-09 cost the American economy somewhere between five trillion and over ten trillion dollars. It also led to the loss of millions of jobs, a decline of almost 40 percent in the net worth of the typical American family, and a massive increase in government debt. Underfunding the CFTC simply enables financial manipulation that, while it may increase short-run profits for Wall Street, undermines economic security and fairness in the long term.

We urge you to take a stand for effective oversight of our financial system by fully funding the CFTC.

Sincerely,

Americans for Financial Reform

## **Following are the partners of Americans for Financial Reform.**

*All the organizations support the overall principles of AFR and are working for an accountable, fair and secure financial system. Not all of these organizations work on all of the issues covered by the coalition or have signed on to every statement.*

- AARP
- A New Way Forward
- AFL-CIO
- AFSCME
- Alliance For Justice
- American Income Life Insurance
- American Sustainable Business Council
- Americans for Democratic Action, Inc
- Americans United for Change
- Campaign for America's Future
- Campaign Money
- Center for Digital Democracy
- Center for Economic and Policy Research
- Center for Economic Progress
- Center for Media and Democracy
- Center for Responsible Lending
- Center for Justice and Democracy
- Center of Concern
- Center for Effective Government
- Change to Win
- Clean Yield Asset Management
- Coastal Enterprises Inc.
- Color of Change
- Common Cause
- Communications Workers of America
- Community Development Transportation Lending Services
- Consumer Action
- Consumer Association Council
- Consumers for Auto Safety and Reliability
- Consumer Federation of America
- Consumer Watchdog
- Consumers Union
- Corporation for Enterprise Development
- CREDO Mobile
- CTW Investment Group
- Demos
- Economic Policy Institute
- Essential Action
- Green America
- Greenlining Institute
- Good Business International

- Government Accountability Project
- HNMA Funding Company
- Home Actions
- Housing Counseling Services
- Home Defenders League
- Information Press
- Institute for Agriculture and Trade Policy
- Institute for Global Communications
- Institute for Policy Studies: Global Economy Project
- International Brotherhood of Teamsters
- Institute of Women's Policy Research
- Krull & Company
- Laborers' International Union of North America
- Lawyers' Committee for Civil Rights Under Law
- Main Street Alliance
- Move On
- NAACP
- NASCAT
- National Association of Consumer Advocates
- National Association of Neighborhoods
- National Community Reinvestment Coalition
- National Consumer Law Center (on behalf of its low-income clients)
- National Consumers League
- National Council of La Raza
- National Council of Women's Organizations
- National Fair Housing Alliance
- National Federation of Community Development Credit Unions
- National Housing Resource Center
- National Housing Trust
- National Housing Trust Community Development Fund
- National NeighborWorks Association
- National Nurses United
- National People's Action
- National Urban League
- Next Step
- OpenTheGovernment.org
- Opportunity Finance Network
- Partners for the Common Good
- PICO National Network
- Progress Now Action
- Progressive States Network
- Poverty and Race Research Action Council
- Public Citizen
- Sargent Shriver Center on Poverty Law
- SEIU
- State Voices
- Taxpayer's for Common Sense
- The Association for Housing and Neighborhood Development

- The Fuel Savers Club
- The Leadership Conference on Civil and Human Rights
- The Seminal
- TICAS
- U.S. Public Interest Research Group
- UNITE HERE
- United Food and Commercial Workers
- United States Student Association
- USAction
- Veris Wealth Partners
- Western States Center
- We the People Now
- Woodstock Institute
- World Privacy Forum
- UNET
- Union Plus
- Unitarian Universalist for a Just Economic Community

*List of State and Local Partners*

- Alaska PIRG
- Arizona PIRG
- Arizona Advocacy Network
- Arizonans For Responsible Lending
- Association for Neighborhood and Housing Development NY
- Audubon Partnership for Economic Development LDC, New York NY
- BAC Funding Consortium Inc., Miami FL
- Beech Capital Venture Corporation, Philadelphia PA
- California PIRG
- California Reinvestment Coalition
- Century Housing Corporation, Culver City CA
- CHANGER NY
- Chautauqua Home Rehabilitation and Improvement Corporation (NY)
- Chicago Community Loan Fund, Chicago IL
- Chicago Community Ventures, Chicago IL
- Chicago Consumer Coalition
- Citizen Potawatomi CDC, Shawnee OK
- Colorado PIRG
- Coalition on Homeless Housing in Ohio
- Community Capital Fund, Bridgeport CT
- Community Capital of Maryland, Baltimore MD
- Community Development Financial Institution of the Tohono O'odham Nation, Sells AZ
- Community Redevelopment Loan and Investment Fund, Atlanta GA
- Community Reinvestment Association of North Carolina
- Community Resource Group, Fayetteville A
- Connecticut PIRG
- Consumer Assistance Council
- Cooper Square Committee (NYC)

- Cooperative Fund of New England, Wilmington NC
- Corporacion de Desarrollo Economico de Ceiba, Ceiba PR
- Delta Foundation, Inc., Greenville MS
- Economic Opportunity Fund (EOF), Philadelphia PA
- Empire Justice Center NY
- Empowering and Strengthening Ohio's People (ESOP), Cleveland OH
- Enterprises, Inc., Berea KY
- Fair Housing Contact Service OH
- Federation of Appalachian Housing
- Fitness and Praise Youth Development, Inc., Baton Rouge LA
- Florida Consumer Action Network
- Florida PIRG
- Funding Partners for Housing Solutions, Ft. Collins CO
- Georgia PIRG
- Grow Iowa Foundation, Greenfield IA
- Homewise, Inc., Santa Fe NM
- Idaho Nevada CDFI, Pocatello ID
- Idaho Chapter, National Association of Social Workers
- Illinois PIRG
- Impact Capital, Seattle WA
- Indiana PIRG
- Iowa PIRG
- Iowa Citizens for Community Improvement
- JobStart Chautauqua, Inc., Mayville NY
- La Casa Federal Credit Union, Newark NJ
- Low Income Investment Fund, San Francisco CA
- Long Island Housing Services NY
- MaineStream Finance, Bangor ME
- Maryland PIRG
- Massachusetts Consumers' Coalition
- MASSPIRG
- Massachusetts Fair Housing Center
- Michigan PIRG
- Midland Community Development Corporation, Midland TX
- Midwest Minnesota Community Development Corporation, Detroit Lakes MN
- Mile High Community Loan Fund, Denver CO
- Missouri PIRG
- Mortgage Recovery Service Center of L.A.
- Montana Community Development Corporation, Missoula MT
- Montana PIRG
- New Economy Project
- New Hampshire PIRG
- New Jersey Community Capital, Trenton NJ
- New Jersey Citizen Action
- New Jersey PIRG
- New Mexico PIRG
- New York PIRG
- New York City Aids Housing Network

- New Yorkers for Responsible Lending
- NOAH Community Development Fund, Inc., Boston MA
- Nonprofit Finance Fund, New York NY
- Nonprofits Assistance Fund, Minneapolis M
- North Carolina PIRG
- Northside Community Development Fund, Pittsburgh PA
- Ohio Capital Corporation for Housing, Columbus OH
- Ohio PIRG
- OligarchyUSA
- Oregon State PIRG
- Our Oregon
- PennPIRG
- Piedmont Housing Alliance, Charlottesville VA
- Michigan PIRG
- Rocky Mountain Peace and Justice Center, CO
- Rhode Island PIRG
- Rural Community Assistance Corporation, West Sacramento CA
- Rural Organizing Project OR
- San Francisco Municipal Transportation Authority
- Seattle Economic Development Fund
- Community Capital Development
- TexPIRG
- The Fair Housing Council of Central New York
- The Loan Fund, Albuquerque NM
- Third Reconstruction Institute NC
- Vermont PIRG
- Village Capital Corporation, Cleveland OH
- Virginia Citizens Consumer Council
- Virginia Poverty Law Center
- War on Poverty - Florida
- WashPIRG
- Westchester Residential Opportunities Inc.
- Wigamig Owners Loan Fund, Inc., Lac du Flambeau WI
- WISPIRG

***Small Businesses***

- Blu
- Bowden-Gill Environmental
- Community MedPAC
- Diversified Environmental Planning
- Hayden & Craig, PLLC
- Mid City Animal Hospital, Pheonix AZ
- UNET

