



American
Bankers
Association

Building Success. Together.

Frank Keating
President and CEO
202-663-5111
fkeating@aba.com

January 24, 2011

The Honorable Gary Gensler
Chairman
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Dear Chairman Gensler:

Thank you for your efforts to engage in dialog with the banking industry over important regulatory and policy issues. Much of what the CFTC does bears significantly upon banks and the ability of banks to serve their customers and communities. There has perhaps never been a more crucial time for the shaping of the future of the banking industry than right now.

As you know, President Obama recently spoke out strongly for the importance of addressing regulatory burdens that impede economic growth and the creation of new jobs. As he instructed federal departments to take prompt action to address regulatory burdens, we believe that it is important that federal independent agencies take up a similar effort. The day after the President's announcement I sent him a letter congratulating him on his initiative, and I pledged the active efforts of the banking industry in support of that initiative. In my letter I shared some examples of actions that can and should be taken to relieve harmful regulatory burdens and promised that we would provide additional ideas to appropriate federal departments and agencies, including those not formally reached by his executive order.

In fulfillment of that pledge, I am including with this letter a list of regulatory relief steps that we would encourage the CFTC to take up as soon as possible. I request that you and the members of the Commission give these suggestions priority attention in the spirit of economic growth and support of new jobs. I wrote to President Obama that, "Without quick and bold action to relieve regulatory burden we will witness an appalling contraction of the banking industry." I believe that and worry about it and fear what it means for local economies and our national prosperity. That is why I concluded my letter to the President with this affirmation: "The banking industry and the individuals, families, and businesses who are our customers need this effort to be successful." Thank you for your consideration of these proposals.

Sincerely,

A handwritten signature in black ink, appearing to read 'Frank Keating', written over a printed name.

Frank Keating

Selected Regulatory Relief Issues Within Jurisdiction of the
Commodity Futures Trading Commission

Issue	Description/What it Violates	Link to Jobs/How to Fix
DFA – entirely new derivatives regime	Rapidly and problematic order of rulemaking regarding new derivatives regime causing major uncertainty and potential market liquidity challenges	Uncertainty regarding products, market participants and market structure impedes bank and customer ability to engage in economic activity. Fix by extending the rule implementation periods (within CFTC/SEC discretion)
DFA – end user exception	Proposal fails to exempt small financial institutions as called for by Congress, and defines end user exception too narrowly	Potential inability for small institutions to continue to mitigate commercial risk could result in further reluctance to lend except under the most conservative circumstances, and inadequate end user exception will increase costs on firms relying upon these derivatives to control costs and manage risks. Fix by exempting financial institutions <\$10b and by broadening the definition of end user to cover intended exceptions more fully