



**EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503**

June 2, 2015  
(House Rules)

## **STATEMENT OF ADMINISTRATION POLICY**

### **H. R. 2289 – Commodity End-User Relief Act** (Rep. Conaway, R-TX, and three cosponsors)

The Administration is firmly committed to strengthening the Nation's financial system through the implementation of key reforms to safeguard derivatives markets and ensure a stronger and fairer financial system for investors and consumers. The full benefit to the Nation's citizens and the economy cannot be realized unless the entities charged with establishing and enforcing the rules of the road have the resources to do so.

The Administration strongly opposes the passage of H.R. 2289 because it undermines the efficient functioning of the Commodity Futures Trading Commission (CFTC) by imposing a number of organizational and procedural changes and would undercut efforts taken by the CFTC over the last year to address end-user concerns. H.R. 2289 also offers no solution to address the persistent inadequacy of the agency's funding. The CFTC is one of only two Federal financial regulators funded through annual discretionary appropriations, and the funding the Congress has provided for it over the past five years has failed to keep pace with the increasing complexity of the Nation's financial markets. The changes proposed in H.R. 2289 would hinder the ability of the CFTC to operate effectively, thereby threatening the financial security of the middle class by encouraging the same kind of risky, irresponsible behavior that led to the great recession.

Prior to enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the derivatives markets were largely unregulated. Losses connected to derivatives rippled through that hidden network, playing a central role in the financial crisis. Wall Street Reform resulted in significant expansion of the CFTC's responsibilities, establishing a framework for standardized over-the-counter derivatives to be traded on regulated platforms and centrally cleared, and for data to be reported to repositories to increase transparency and price discovery. The changes proposed in H.R. 2289 would hinder the CFTC's progress in successfully implementing these critical responsibilities and would unnecessarily disrupt the effective management and operation of the agency without providing the more robust and reliable funding that the agency needs.

In order to respond quickly to market events and market participants, the CFTC needs funding commensurate with its evolving oversight framework. The Administration looks forward to working with the Congress to authorize fee funding for the CFTC as proposed in the FY 2016 Budget request, a shift that would directly reduce the deficit. User fees were first proposed in the President's Budget by the Reagan Administration more than 30 years ago and have been supported by every Democratic and Republican Administration since that time. Fee funding would shift CFTC costs from the general taxpayer to the primary beneficiaries of the CFTC's oversight in a manner that maintains the efficiency, competitiveness, and financial integrity of the Nation's futures, options, and swaps markets, and supports market access for smaller market participants hedging or mitigating commercial or agricultural risk.

If the President were presented with H.R. 2289, his senior advisors would recommend that he veto the bill.

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