



## **Industrial Energy Consumers of America**

*The Voice of the Industrial Energy Consumers*

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June 16, 2010

Dear Conferee:

Re: Provision to Exclude Manufacturers from Systemic Risk Definition and Regulation by Federal Reserve

On behalf of the Industrial Energy Consumers of America (IECA), we urge the conferees to support provisions that are included in the Senate version of H.R. 4173 that define the term “nonbank financial company” in such a way as to prevent non-financial businesses, like manufacturers, from becoming subject to regulation by the Federal Reserve. To do otherwise creates the potential to have manufacturing companies regulated under the Federal Reserve systemic risk provisions.

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$800 billion in annual sales and with more than 750,000 employees nationwide. It is an organization created to promote the interests of manufacturing companies through research, advocacy, and collaboration for which the availability, use and cost of energy, power or feedstock play a significant role in their ability to compete in domestic and world markets.

Manufacturers are clearly not meant to be the focus of Wall Street reform legislation. However, several earlier versions of H.R. 4173 contained open ended definitions as to create the possibility that non-financial companies like manufacturers could be subject to regulation as though they were a bank. This danger was due primarily to the fact that the relevant definitions hinged on whether or not a company is engaged in “financial activities” as defined under the Bank Holding Company Act of 1956. Because that term is so broadly defined, it encompasses things like lending money to our customers in order for them to purchase our products. In other words, without clarification, manufacturing companies could be included unintentionally.

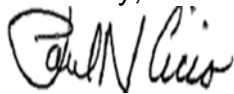
Fortunately this deficiency was corrected when the Senate adopted a bipartisan amendment clarifying the definition so that only companies who are predominantly engaged in financial activities would be included. At the same time, the amendment gave the systemic risk council authority to regulate companies intentionally structured so as to evade the purposes of the Act. The amendment language strikes the right balance between ensuring that truly

financial companies are regulated while giving certainty to America's other, non-financial employers.

IECA has a longstanding record in support of reforming derivatives markets to increase transparency, reporting, establishing aggregate position limits and penalties to stop manipulation and excessive speculation in energy commodity markets. IECA has testified four times in Congress and twice before the CFTC in support of reform.

We urge you in any conference report of H.R. 4173 to retain the Senate definition of "nonbank financial company."

Sincerely,

A handwritten signature in black ink, appearing to read "Paul N. Cicio". The signature is written in a cursive style with a large initial "P" and "C".

Paul N. Cicio