

MAIN STREET INDUSTRY ALLIANCE

February 26, 2010

The Honorable Christopher Dodd
Chairman, Senate Banking Committee
United States Senate
Washington, DC 20510

The Honorable Richard Shelby
Ranking Member, Senate Banking Committee
United States Senate
Washington, DC 20510

Dear Senator Dodd and Senator Shelby:

The undersigned organizations represent the interests of hundreds of thousands of businesses, small and large, from all sectors of the economy employing tens of millions of Americans.

Our organizations are extremely concerned that financial regulatory reform efforts could extend banking-style regulation to manufacturers and other non-financial U.S. companies. Such a sweeping measure could create unintended consequences that could have devastating ramifications on job creation, innovation and U.S. competitiveness, adversely impacting economic growth for years to come. Accordingly, we respectfully request your support for efforts to ensure that any systemic risk provisions of financial services reform legislation are appropriately tailored to exclude companies that are not predominantly engaged in financial activity.

The Wall Street Reform and Consumer Protection Act of 2009 (H.R. 4173), approved by the House in December 2009, and the draft version of the Restoring American Financial Stability Act, released by Senate Banking Committee Chairman Chris Dodd late last year, define a “financial company” as any company engaged in “financial activities,” even if only indirectly or in part.






Because the term “financial activities” is so broad and encompasses routine practices of most U.S. companies, the proposals would allow the systemic risk regulator to impose new regulations on retailers, manufacturers, and other non-financial companies. A “financial company” deemed to be systemically risky would be subject to new regulations, including higher capital

requirements and tighter limits on its investments. In some cases, companies could be required to move their “financial activities” into a separate company.

We do not believe that it is the intent of Congress to impose a new regulatory regime on companies that had nothing to do with the financial crisis of 2008. We strongly urge you to ensure that any financial services reform legislation clarifies that companies that are not predominantly engaged in financial services activity are not covered in the legislation. To do otherwise could subject a wide range of non-financial American businesses to an array of new regulations and capital requirements, create uncertainty, divert resources from economically productive activities, and make these companies less competitive in the global marketplace.

We urge your support for these efforts to prevent unintended consequences that may harm efforts for economic recovery and job creation. We stand ready to work with you on these issues and others that are important to the American economy.

Sincerely,

 <p>Dorothy Coleman Vice President of Tax and Domestic Economic Policy National Association of Manufacturers</p>	 <p>R. Bruce Josten Executive Vice President of Government Affairs U.S. Chamber of Commerce</p>
 <p>Paul Cicio President Industrial Energy Consumers of America</p>	 <p>Charles T. Drevna President National Petrochemical & Refiners Association</p>
 <p>Ford B. West President The Fertilizer Institute</p>	

CC: Members of the Senate Banking Committee