



**Industrial Energy Consumers of America**  
*The Voice of the Industrial Energy Consumers*

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March 17, 2010

The Honorable Christopher Dodd  
Chairman  
Committee on Banking, Housing and Urban Affairs

The Honorable Richard Shelby  
Ranking Member  
Committee on Banking, Housing and Urban Affairs

Re: "Restoring American Financial Stability Act of 2010"

Dear Chairman Dodd and Ranking Member Shelby:

On behalf of the Industrial Energy Consumers of America (IECA), we thank you for your leadership in addressing needed reform of our financial and banking industries. As manufacturers that do not speculate in commodity markets and who are NOT in banking or financial services, we urge you to make important modifications to the legislation. Manufacturing companies who are in the business of producing physical goods and providing services related to those goods and use derivatives to hedge their company's physical or financial position, should be completely exempt from clearing and margin requirements. We are also strongly opposed to including manufacturers in any systemic risk regulation which this legislation does.

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$900 billion in annual sales and with more than 850,000 employees nationwide. IECA membership represents a diverse set of industries including: plastics, cement, paper, food processing, brick, chemicals, fertilizer, insulation, steel, glass, industrial gases, pharmaceutical, aluminum and brewing.

The fact that we do not speculate and are only about five percent of the market's total trading volume means we are not imposing a financial risk to the market. We are competing in a global market place and imposition of margin requirements would increase our costs and damage relative competitiveness because similar costs would not be imposed on competitors in other countries. Profit margins on many of the industrial products are very slim.

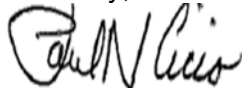
However, all other companies' transactions should be required to clear and post margin and this should include all companies whose "primary" business is generating income from trading and speculation. We are concerned that this legislation contains an exemption that is too broad. Wall Street trading houses, hedge funds, index funds and sovereign funds are examples of companies that should not be exempted.

Secondly, the legislation defines a “non-bank” financial company as one who substantially engages in financial activities and leaves it to the Federal Reserve to define what constitutes “substantially”. This definition is of great concern because any manufacturing company who substantially engages in cash settled transactions or forward contracts for energy commodities or financial derivatives for hedging currencies would qualify under this definition and would be subject to the Federal Reserve and newly proposed Systemic Council regulation.

We are strongly opposed to including manufacturers in any systemic risk regulation. Systemic risk legislation should apply only to those companies that are “predominantly” engaged in financial activities. Leaving the Federal Reserve to define what constitutes “substantial” will only create more uncertainty for manufacturers who are already struggling in this adverse economic environment.

We look forward to working with you to make these critically important changes.

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  
President

Cc: Senate