



## NEWS

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### **Financial Reform: Rulemaking Process Is Critical Next Step to Prevent Potential Unintended Consequences**

*End-user clearing exclusion and recognition of a de minimis exception are positive steps, but margin requirements on uncleared swaps could cost consumers billions*

(WASHINGTON) July 14, 2010 – With the Senate appearing ready to pass financial reform legislation this week, two major trade groups are welcoming some of the language in the bill while also expressing caution about how it will be implemented.

The National Corn Growers Association (NCGA) and the Natural Gas Supply Association (NGSA) are encouraged that the bill excludes commercial end-users from mandatory clearing requirements and allows for a *de minimis* exception, but the associations cautioned that margin requirements on uncleared swaps could potentially undo the clearing exclusion's benefits.

"NCGA appreciates Congress recognizing how important derivatives are to commercial end users' risk management, especially in agriculture and energy production," NCGA President Darrin Ihnen said. "However, higher margin requirements are likely to be borne by corn farmers in the form of higher input costs and tighter credit."

Skip Horvath, president and CEO of NGSA, said, "We're pleased that Congress recognized the critical role of the over-the-counter market to a healthy and liquid energy market. Energy consumers will benefit from the bill's exclusion of commercial end-users from clearing requirements, as well as language providing a *de minimis* exception for swap dealings.

"However," Horvath cautioned, "natural gas suppliers have serious concerns about the potential for unintended consequences resulting from this legislation if regulators establish margin requirements for uncleared swaps. In order to avoid a huge potential drain on capital that could otherwise be invested in job creation and infrastructure, we hope regulators will set rules that maintain the integrity of the energy markets and protect the economy. "

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*Founded in 1957, the National Corn Growers Association represents 35,000 dues-paying corn farmers nationwide. NCGA and its 48 affiliated state organizations work together to create and increase opportunities for their members and their industry.*

*NGSA represents integrated and independent companies that supply natural gas. Established in 1965, NGSA encourages the use of natural gas within a balanced national energy policy, and promotes the benefits of competitive markets to ensure reliable and efficient transportation and delivery of natural gas and to increase the supply of natural gas to U.S. customers. For more information, please visit*

[www.ncga.org](http://www.ncga.org), [www.naturalgas.org](http://www.naturalgas.org) and [www.bluejobs.org](http://www.bluejobs.org)

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