



NEWS

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Contact: Daphne Magnuson Daphne.Magnuson@ngsa.org (202) 326-9314

Improved CFTC Swap Dealer Definition Acknowledges Important Distinctions; However Time Needed to Kick the Tires, Says NGSA

(Washington, D.C.) -- The Commodity Futures Trading Commission's (CFTC) newly-issued definition of a "swap dealer" appears greatly improved from the original proposal, according to the Natural Gas Supply Association (NGSA). NGSA commended the improvement, but said it is taking a wait-and-see approach to the swap dealer definition before declaring its concerns fully addressed. The Swap Dealer definition was approved on a 4-1 vote yesterday by the CFTC.

"Our first impression is that the CFTC appeared to take a thoughtful and balanced approach," said Jenny Fordham, NGSA's vice president, markets. "Yesterday's CFTC discussion indicated that regulators acknowledge the importance of a hedging exemption and the distinction between a commodity dealer and a trader, two key points that are critical to assuring end user and economic protections."

She cautioned, "Many of the concerning issues appear to be adequately addressed -- but without the level of precision that we urged in our February filing. This means that it will take some time to gain assurance that the definition will work well when it is applied."

Fordham said, "We need some time to kick the tires. Although there will inevitably be areas to be improved, we appreciate the Commission's effort to establish a balanced framework that we hope will maintain the integrity of the economic protections provided by Dodd-Frank."

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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.ngsa.org.