NGSA Identifies Improvements that Facilitate Cost-Effective Hedging in CFTC “KISS” Comments

(Washington, D.C.) – The Natural Gas Supply Association (NGSA) identified several unnecessarily burdensome areas of Commodity Futures Trading Commission (CFTC) regulations that provide no added benefit to market integrity, transparency or efficiency in comments submitted to the Commission today in reply to its “KISS” initiative.

NGSA Senior Vice President, Government Affairs, Jenny Fordham said, “We appreciate the many areas in which the Commission has already made significant improvements. The regulations are complex and we value the opportunity to identify areas that are unnecessary and overly burdensome while providing no added benefit to market integrity, transparency or efficiency. “

Fordham said, “We identified several areas where we think the Commission can make some simple changes to make the regulations more manageable and effective. Regulations that were developed for financial markets do not always translate to physical commodity markets, including many rules on swap data reporting and record-keeping that are redundant, expensive, unmanageable or generally ill-suited for physical commodity transactions. Expensive and unmanageable requirements only add costs to risk management, diverting capital from productive use. “

Among other issues aimed at facilitating efficient transactions, NGSA called for a narrowing of recordkeeping requirements for market participants transacting on swap execution facilities (“SEFs”) and elimination of the documentation requirements for book-outs of excluded forward contracts. NGSA urged the commission to allow end-user representations regarding “financial end user” status and other swap-related items to be fully relied upon by swap dealer counterparties. Finally, NGSA renewed its recommendation to set the de minimis threshold at the current $8 billion until reliable data justifying an adjustment is obtained and published for public comment.

Fordham said, “More effective regulations facilitate compliance and yield more efficient and liquid markets with greater counterparty diversity. She said, “We thank the CFTC for its continued dedication to getting this done right.”

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The Natural Gas Supply Association (NGSA) represents integrated and independent companies that supply natural gas. For more information, please visit www.ngsa.org and www.naturalgas.org.

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