

NEWS

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NGSA Commends Work on Capital Requirements Rule, Calls for Specific Improvements

(Washington, D.C.) – The Natural Gas Supply Association (NGSA) today filed comments at the Commodity Futures Trading Commission (CFTC) on its Proposed Rulemaking for capital requirements of Swap Dealers and Major Swap Participants.

NGSA’s comments praised the CFTC’s hard work and general approach to setting capital requirements, but recommended changes in several key areas, such as which parties have access to the tangible net worth approach, the requirements and approval process for the use of internal models, and the recognition of alternative forms of capital.

Jenny Fordham, Senior Vice President of Government Affairs for NGSA said:

“We commend the Commission’s work on capital requirements and its efforts to lay to rest the uncertainty around this issue that has lingered for close to a decade. It’s important to get this right. Unnecessarily diverting capital away from productive uses in the economy would raise commodity costs for consumers by increasing the cost of hedging and risk management, and decreasing market liquidity.

“The areas we focused on in our comments are key to the rule’s success. We believe capital requirements that are out-of-step with the risk they seek to mitigate undermine liquidity in the market and produce barriers to entry, concentrating risk in a smaller number of market participants.

“A robust market with diversity among potential counterparties is the most cost-effective way to mitigate systemic risk and we look forward to working with the Commission to establish a regulatory framework that is predictable and certain.”

NGSA filed its [comments](#) jointly with the National Corn Growers Association.

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The Natural Gas Supply Association (NGSA) represents integrated and independent companies that supply natural gas. Founded in 1965, NGSA is the only national trade association that solely focuses on producer-marketer issues related to the downstream natural gas industry. NGSA advocates for well-functioning markets that foster a growing, competitive market for natural gas. NGSA is dedicated to achieving a cleaner future through strong partnerships with renewables and supporting innovative technologies and market solutions that reduce emissions. For more information, please visit www.ngsa.org.

Markets Matter: Representing America’s Major Producers and Suppliers of Natural Gas Since 1965