

September 30, 2002

Honorable Tom Daschle
Majority Leader
United States Senate
Washington, D.C. 20510

Honorable Trent Lott
Republican Leader
United States Senate
Washington, D.C. 20510

The Honorable Tom Daschle and the Honorable Trent Lott:

The undersigned organizations recommend **against adoption of proposed energy derivatives legislation as a part of final legislative initiatives the Senate may consider prior to adjournment** including the energy bill, Homeland Security Act, Pension Reform legislation or any of the appropriations vehicles. Just this week, Senator Feinstein filed an energy derivatives amendment (#4695) to the Homeland Security Act.

Recent proposals by Senators Feinstein, Fitzgerald, Harkin, Lugar and Cantwell such as S.2724 and the Legal Certainty for Exempt Commodities Act, are opposed by financial regulators, have not been reported out of the Senate committee of jurisdiction and would result in unnecessary and potentially detrimental regulation vastly expanding the jurisdiction of the Commodity Futures Trading Commission. In April, the Senate after consideration of arguments for and against these regulatory requirements rejected the opportunity to include the Feinstein amendment to the energy bill.

The Secretary of the Treasury, the Chairman of the Board of Governors of the Federal Reserve, the Chairman of the Securities and Exchange Commission and the Chairman of the Commodity Futures Trading Commission opposed the Feinstein amendment in April and on September 18, 2002 reiterated their serious concerns about a similar regulatory regime proposed by Senators Harkin and Lugar. A copy of the September 18 letter is attached. We appreciate your attention to this important matter and request that you **oppose any attempt to approve controversial, detrimental and anti-competitive derivatives legislation.**

Sincerely,

**American Electric Power
AIG Trading Group Inc.
American Bankers Association
ABA Securities Association
Association for Financial Professionals
Bank of America
Citigroup
The Bond Market Association
Duke Energy
Electric Power Supply Association
The Financial Services Roundtable
Futures Industry Association
Gold Institute
Goldman, Sachs & Co.
Intercontinental Exchange**

**International Swaps and Derivatives Association
J.P. Morgan Chase
Managed Funds Association
Mirant
Morgan Stanley
National Mining Association
Placer Dome America
PSEG
Securities Industry Association
TXU
UBS Warburg
U.S. Chamber Of Commerce
Weather Risk Management Association
The Williams Companies**

Attachment: Regulator Letter – September 18, 2002
cc: The United States Senate