CENTER FOR CAPITAL MARKETS
COMPETITIVENESS

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January 29, 2014

Mr. Robert deV. Frierson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Via Agency Website

Re: Comment letter on Advanced Notice of Proposed Rulemaking "Complementary Activities, Merchant Banking Activities, and Other Activities of Financial Holding Companies related to Physical Commodities" (Docket No. R-1479; RIN 7100 AE-10)

Dear Mr. Frierson:

Question 18 of the ANPR asks "*How might elimination of the [Complementary Commodities Activities] authority affect FHC customers and the relevant markets?*" Attached please find a letter dated October 1, 2013, signed by 33 companies and trade associations expressing their concern about the effects on Main Street companies of policy changes that would reduce liquidity in the commodities markets and impair their ability to hedge their price risk.

Sincerely,

Jess Sharp
Managing Director
Center for Capital Markets Competitiveness
U.S. Chamber of Commerce

October 1, 2013

The Honorable Ben Bernanke
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Dear Chairman Bernanke:

As U.S. corporations and trade associations whose members use commodities in our day-to-day activities and use commodity derivatives like swaps and futures to hedge the business risk associated with volatility in these markets, we have a strong interest in the Federal Reserve Board's ("Fed") review of "the 2003 determination that certain commodity activities are complementary to financial activities and thus permissible for bank holding companies."

The intent of this letter is to ensure that the Fed understands and takes into consideration the significance Main Street companies place on the important role banks play in providing commodity hedges to manage price risk.

We each face significant exposure to commodities, and we are not alone. It is estimated that approximately 45 percent of the companies in the S&P 500 are vulnerable to movements in the price and availability of commodities.

Robust, liquid commodities markets require participants of all shapes and sizes—buyers, sellers, and market makers. We depend on having reliable, credit-worthy, well-regulated, counterparties, such as banks, in the commodities markets. Their willingness to assume appropriate market and credit risk as market makers, including being able to trade physical commodities, allows us to manage our risks.

If counterparties, such as banks, for financial hedging instruments for our physical commodities begin to disappear, our ability to manage our risk would be seriously impeded. We likely would be forced to tie-up our own capital in holding physical inventories and the related infrastructure to manage those inventories, and may find our options for hedging shrink, become less useful, or more expensive. For our businesses and for the economy, that capital is much better directed at long-term investment projects that lead to job creation and growth.

As you examine the commodities markets, we ask that you consider the effects that limiting financial institutions' participation in providing hedging instruments would have on our businesses and the broader economy.

Thank you for your consideration.

Alon USA Energy, Inc
America's Natural Gas Alliance
Anadarko Petroleum Corporation
Apache Corporation
BNSF Railway
Calpine Corporation
Delek US Holdings
Deseret Power Electric Cooperative
Devon Energy Corporation
Dynegy
Electric Power Supply Association
Energy Capital Partners
EP Energy Corporation
FMC Corporation
Georgia Energy Cooperative
GreyStone Power Corporation
HCA
LS Power
Luminant Energy Company LLC
Midstates Petroleum Company, Inc.
Murray Energy Corporation
Newfield Exploration Company
Noble Energy Inc.
Northeastern REMC
NRG Inc.
Oglethorpe Power Corporation
Owens Corning
Talos Energy LLC
The Boeing Company
U.S. Chamber of Commerce

UPS
Walton EMC
Wyoming Refining Company

cc: Senator Tim Johnson, Senator Mike Crapo, Senator Sherrod Brown, and Senator Patrick Toomey