

From: Joyce Dillard
Proposal: 1479 (RIN 7100-AE10) Regulation: Physical Commodities-FHCs (ANPR)
Subject: Physical Commodities-FHCs

Comments:

With this statement, you must have data that is accurate and fully disclosed with cooperation from all agencies:

As part of the finding of complementarity, the Board must find that the activity does not pose a substantial risk to the safety and soundness of depository institutions or the financial system generally.

And with this statement, there must be consistency with performance activity and risk management in a speculative market now influenced globally:

In addition, in connection with any proposal by a FHC to engage in a complementary activity, the Board must consider whether performance of the activity by the FHC may reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interests, unsound banking practices, or risk to the stability of the United States banking or financial system.

Complementary Commodities Activities cover:

1. Physical Commodity Trading
2. Energy Tolling
3. Energy Management Services

Your questions are posed on risks of physical commodities activities and the adequacy of the safeguards and limitations already in place when problems have not been identified by the agencies involved to assist the assessment.

Question 1. What criteria should the Board look to when determining whether a physical commodity poses an undue risk to the safety and soundness of a FHC?

Commodity structure needs to be assessed which would require expertise in the market. Criteria should be structured to facts surrounding the market. Data needs to be current.

Question 2. What additional conditions, if any, should the Board impose on Complementary Commodities Activities?

For example, are the risks of these activities adequately addressed by imposing one or more of the following requirements:

- (i) Enhanced capital requirements for Complementary Commodities Activities,
- (ii) increased insurance requirements for Complementary Commodities Activities, and

(iii) reductions in the amount of assets and revenue attributable to Complementary Commodities Activities, including absolute dollar limits and caps based on a percentage of the FHC's regulatory capital or revenue?

With manipulation of indicators such as LIBOR and credit ratings, additional conditions need to be realistic. Risk seems to be placed on the taxpayer, not the FHC. Risk needs to be proven by the FHC.

Question 3. What additional conditions on Complementary Commodities Activities should the Board impose to provide meaningful protections against the legal, reputational and environmental risks associated with physical commodities and how effective would such conditions be?

Effectiveness occurs with enforcement. Enforcement is weak if not existent. Strengthen your enforcement and ask other agencies strengthen theirs, so the public has some assurance that the government is for the People.

Question 4. To what extent does the commitment that a FHC will only hold physical commodities for which a futures contract has been approved by the CFTC or for which the Board has specifically authorized the FHC to hold adequately ensure that physical commodities positions of FHCs are sufficiently liquid?

What modifications to this commitment, including additional conditions, should the Board consider to ensure that a FHC maintains adequate liquidity in its commodity positions?

and

Question 5. What additional commitments or restrictions are necessary to ensure FHCs engaging in Complementary Commodities Activities do not develop unsafe or unsound concentrations in physical commodities?

Without applying global market trends, you have no assurance of liquidity. Instead of a hedge, the business is speculation only.

Remove speculation. Watch the trading.

Question 6. Should the type and scope of limitations on Complementary Commodities Activities differ based on whether the underlying physical commodity may be associated with catastrophic risks?

If so, how should limitations differ, and what specific limitations could reduce liability from potential catastrophic events?

Environmental catastrophic risks need more work up front, before occurrence. The cost factor is understated to push profitability.

Profits go out the window, with catastrophe. Require alternative analysis

Question 7. Does the commitment not to own, operate or invest in facilities for the extraction, transportation, storage, or distribution of commodities adequately insulate a

FHC from risks associated with such facilities, including financial risk, storage risk, transportation risk, reputation risk, and legal and environmental risks?

If not, what restrictions should the Board impose to ensure that such extraction, transportation, storage or distribution facilities do not pose safety and soundness risks?

Not enough disclosure is required and aging infrastructure is rarely disclosed. Transparency and accuracy are needed. Date the disclosure facts-old facts, insignificant information.

Question 8. Do Complementary Commodities Activities pose risks or raise concerns other than those described in this ANPR, and if so, how should those risks or concerns be addressed?

It seems that this creates a vehicle, highly speculative, that does not guarantee results in any way, shape or form, but relies on the taxpayer to be the risk taker.

Energy speculation is highly manipulative in market-to-market and the credits involved now, make risk assessment subordinated to offset credit profitability.

Question 9. What negative effects, if any, would a FHC's subsidiary depository institution experience if the parent FHC was not able to engage in Complementary Commodities Activities?

The question should be "what positive effects". Try jobs and real time.

Question 16. Does permitting FHCs to engage in Complementary Commodities Activities create material conflicts of interest that are not addressed by existing law?

If so, describe such material conflicts and how they may be addressed.

The market is global. The use of Public Private Partnership is used to mask conflict of interest disclosure.

Yes, it is extremely difficult and many games are played.

Conflicts of interest have become too difficult to assess. For government involvement, it is the final governmental decision maker that counts.

Question 17. What are the potential adverse effects and public benefits of FHCs engaging in Complementary Commodities Activities?

Do the potential adverse effects of FHCs engaging in Complementary Commodities Activities, such as undue concentration of resources, decreased or unfair competition, conflicts of interest, unsound banking practices, or risk to the stability of the United States banking or financial system, outweigh the public benefits, such as greater convenience, increased competition, or gains in efficiency?

Public un-involvement coupled by public responsibility to cover losses are adverse.

Greater convenience, increased competition and gains in efficiency are regionally relative.

This is the disadvantage to this inquiry-one size does not fit all.

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