October 8, 2015

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

Mr. Thomas J. Curry
Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th Street, S.W.
Washington, DC 20219

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, DC 20429

**Re:** ***Consideration of the Net Stable Funding Ratio and its Impact to the End-User Community***

## I. INTRODUCTION

The Coalition for Derivatives End-Users (the "Coalition") respectfully submits this letter to emphasize the need for the Federal Banking Agencies[1] to consider carefully the numerous effects the implementation of a Net Stable Funding Ratio ("NSFR") would have on the commercial end-user community. The Coalition represents end-user companies that employ derivatives primarily to manage risks. Hundreds of companies have been active in the Coalition on both legislative and regulatory matters and our message is straightforward: financial regulatory reform measures should promote economic stability and transparency without imposing undue burdens on derivatives end-users, who are the engines of the economy. Imposing unnecessary regulation on derivatives end-users, parties that did not contribute to the financial crisis, would fuel economic instability, restrict job growth, decrease productive investment and hamper U.S. competitiveness in the global economy.

The use of derivatives to hedge commercial risk benefits the global economy by allowing a range of businesses—from manufacturing to healthcare to agriculture to energy to technology—to improve their planning and forecasting and offer more stable prices to consumers and a more stable contribution to economic growth. Banking organizations subject to the NSFR serve as critical counterparties to commercial end-users by not only facilitating end-user derivatives transactions, but also underwriting corporate debt and equity securities and providing the liquidity required by end-users to invest in their businesses, create jobs and generate economic growth. Implementation of various aspects of the NSFR requirements promulgated by the Basel Committee on Banking

1 The "Federal Banking Agencies" consist of the Department of the Treasury's Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation.

Supervision (the "BCBS", and such requirements, the "BCBS NSFR"),[2] however, could destabilize this relationship and harm end-users in unintended ways. The costs of incremental long-term funding required for banks and dealers under the BCBS NSFR would likely result in increased transaction costs to end-users and could potentially lead to banks exiting particular markets, thereby decreasing liquidity and affecting end-users' ability to efficiently hedge and execute transactions in the capital markets. To ensure that derivatives end-users can continue to hedge their commercial risks, we believe that the implementation of the BCBS NSFR by the Federal Banking Agencies should regulate banking organizations in ways that do not impose undue burdens and costs on derivatives end-users.

## II. THE NET STABLE FUNDING RATIO

A proposed rule by the Federal Banking Agencies should adequately consider the impact of the NSFR on derivatives end-users. The Coalition recognizes the importance of long-term stable funding and its function as a liquidity buffer in a time of financial stress, and that poor liquidity management by certain systemically significant banks exacerbated the financial crisis. However, while we appreciate the efforts of the BCBS and Federal Banking Agencies to address these concerns by implementing an NSFR, we believe the BCBS NSFR's additional funding requirements for derivatives activities do not take into account impacts on other market participants at least in part because they were not adequately informed by feedback, as market participants were not afforded an opportunity to provide meaningful insight or comment. This is especially concerning for Coalition member companies given that many of the BCBS provisions discussed in Section IV below are supplemental additions that would further restrict end-users' ability to hedge by increasing the cost of risk management and could lead to decreased liquidity in the derivatives markets. The Federal Banking Agencies' implementation of the NSFR should be carefully structured to ensure that end-user risk mitigation activities are not adversely impacted by such requirements.

Financial institutions, and the end-users that rely on their services, are already experiencing adverse effects from Basel III implementation. Notably, a number of Coalition member companies have indicated that they have experienced impacts on the pricing of their derivatives transactions following the implementation of Basel III by the Federal Banking Agencies and other global regulators. Notably, a Financial Stability Board study has observed the critical interconnectedness between securities lending and end-users' ability to hedge commercial risk.[3] The BCBS NSFR could further jeopardize this relationship, and reduce liquidity, by discouraging bank participation in securities lending, due to the regulatory burden imposed by the required shift to long-term funding. Further, regulatory burdens without carefully considered policy objectives could serve to

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[2] *See Basel III: the net stable funding ratio*, BCBS Supervision (Oct. 2014), *available at* http://www.bis.org/bcbs/publ/d295.pdf.

[3] *See Securities Lending and Repos: Market Overview and Financial Stability Issues*, Financial Stability Board (Apr. 2012), *available at* http://www.financialstabilityboard.org/wp-content/uploads/r_120427.pdf.

discourage market participation, ultimately undermining services Coalition members rely on to mitigate risks arising from their operating and financing activities.

The immediate impact of the BCBS NSFR can already be seen as fewer bank counterparties are willing to extend longer-term credit, including in the form of swaps used to hedge long-term exposures. In addition to limitations on the term of available credit, the BCBS NSFR would inappropriately shift the burdens and costs associated with longer-term credit on to the end-user community in the form of increased costs to hedge and decreased liquidity in markets end-users frequently rely on to hedge risks. The costs associated with the NSFR would likely be passed on to end-users in the form of transaction fees and collateral requirements assessed by bank counterparties. Increased downstream costs would ultimately stifle job growth and increase costs to the consumer. In the sections that follow, we present a number of issues that we urge you to consider in light of the unnecessary and asymmetrical burdens that would be borne by end-users if they are reflected in proposed or final NSFR rules issued by the Federal Banking Agencies.

## III. THE NSFR SHOULD PROVIDE EXEMPTIVE RELIEF FOR COMMERCIAL END-USERS' DERIVATIVES TRADES

An NSFR rule by the Federal Banking Agencies could materially undermine congressionally mandated exemptions afforded to derivatives end-users. These exemptions reflect a broad policy consensus that end-user risk mitigation activities do not threaten financial stability; rather, they contribute to companies' ability to make stable contributions to a vibrant economy. End-user exemptions from clearing and margin requirements reflect the need for liquid and efficient markets in which derivatives end-users can effectively and efficiently hedge their commercial risks. Indeed, these exemptions reflect reasoned debate and consideration of the stability of the financial marketplace, and serve as an explicit declaration that the commercial hedging activities of end-users promote economic growth and jobs creation and do not create systemic risk.

Although an NSFR rule would not remove the federal exemptions provided to end-users in the Commodity Exchange Act, in practice, an NSFR rule could be formulated in ways that undermine congressional intent. Because banks would be required to hold additional long-term funding when acting as counterparties to derivatives end-users, even on derivatives transactions with short-term maturities, it is likely that banks would pass those costs on to derivatives end-users. In order to cover the costs associated with raising long-term funding, it is likely that banks would increase transaction fees and/or force end-users to post collateral, thus increasing costs for and discouraging activities that did not contribute to the financial crisis and that are designed to protect businesses from risks and make the global economy more stable. This is especially true to the extent that the NSFR rule is not carefully crafted to reflect the economic reality of the risks posed by derivatives generally and end-user hedges specifically.

Further, imposition of NSFR calculations on derivatives transactions with end-users would compound the many regulatory burdens faced by banking organizations in ways that will ultimately impact end-users' ability to efficiently manage risk. Not only will bank counterparties be required to realize derivatives exposures in their capital and liquidity ratios, additional long-term higher-cost funding requirements will be required under the BCBS NSFR. Such impacts can be plainly observed in other bank regulations. For example, as demonstrated by the announcement, earlier this year, of one bank's commercial deposit-taking surcharge—and the increased inability for end-users to efficiently engage a single banking entity to provide all necessary services—additional capital and liquidity standards would only compound end-user risk.[4] Such examples illustrate that regulators should exercise extreme care when implementing bank regulations that have material impacts on end-users. Requiring unnecessarily high long-term funding reserves for non-speculative transactions is an unsound policy that would increase end-user commercial risks without concrete systemic risk reduction and discourage commercial hedging transactions that promote economic growth and jobs in the real economy.

To address these concerns, the Federal Banking Agencies should provide exemptive relief for all end-user trades that qualify for any of the exceptions from clearing or margin requirements under Sections 2(h)(7) and 4s(e) of the Commodity Exchange Act, respectively, and the related regulations, from NSFR calculations. Relieving such transactions from the full effects of the NSFR calculations would not materially undermine the NSFR's systemic risk objectives and such an exemption would minimize the adverse economic impact of raising end-user costs. Such relief would better align the NSFR's objectives with the current regulatory regime and congressional intent. Further, even with such an exemption, U.S. banks would still be required to have significantly greater stable funding to address funding concerns, inasmuch as it has been estimated that the current aggregate shortfall in available stable funding for the U.S. banking industry exceeds $1 trillion.[5]

A capital requirements-related exemption for end-users has already been adopted by the European Union ("EU") through its implementation of Basel III standards. The EU exempted non-centrally cleared OTC derivatives transactions between banks and non-financial corporates from an aspect of the calculation of the Credit Valuation Adjustment ("CVA"). Disparate treatment between European and U.S. regulation would further burden the end-user community as EU commercial firms would benefit from reduced costs due to exemptive relief. Current U.S. law does not provide a similar CVA exemption, but exemptive relief from the NSFR would help achieve the same goal of

4 Emily Glazer, *J.P. Morgan to Start Charging Big Clients Fees on Some Deposits*, The Wall Street Journal (Feb. 24, 2015), *available at* http://www.wsj.com/articles/j-p-morgan-to-start-charging-some-big-clients-deposit-fees-1424743293; *see also* Phillip Lindow and Lori Schwartz, *A defining moment: New regulations and their impact on the definition of cash deposits*, J.P. Morgan (2015), *available at* https://www.jpmorgan.com/directdoc/defining-moment-liquidity-regulations.pdf.

5 End-user transactions represent a small portion of the overall over-the-counter ("OTC") derivatives market. Indeed, it has been noted that end-users represent less than 10% of the total OTC derivatives market. Thomas Deas, *Testimony before the US House of Representatives' Subcommittee on Capital Markets and Government Sponsored Enterprises – Committee on Financial Services* (Apr. 11, 2013), *available at* http://financialservices.house.gov/uploadedfiles/hhrg-113-ba16-wstate-tdeas-20130411.pdf. An October 2014 study conducted by the Bank of International Settlements noted that "many (but not all) end users have a much smaller footprint in the OTC derivatives market than typical broker-dealers." *See* OTC Derivatives Assessment Team, *Regulatory reform of over-the-counter derivatives: an assessment of incentives to clear centrally*, Bank of International Settlements at 18 (Oct. 2014), *available at* http://www.bis.org/publ/othp21.pdf.

reducing costs and burdens imposed unnecessarily on end-users that use derivatives to hedge or mitigate commercial risks.[6]

Congressional intent, low market risk and disparate EU end-user treatment require reasoned and cautioned consideration by the Federal Banking Agencies in implementing the BCBS NSFR. Relief for the end-user transactions described above from NSFR calculations would align these interests and strengthen U.S. commercial industry by allowing end-users to effectively hedge against commercial risks.

## IV. END-USERS SHOULD NOT DISPROPORTIONATELY BEAR THE COSTS ASSOCIATED WITH THE NSFR

Treatment of end-user derivatives activity under the BCBS NSFR would disproportionately burden a community traditionally associated with stability and growth. The Coalition is concerned with the potential costs the BCBS NSFR may impose on the derivatives market and end-user community. This concern is two-fold: (1) long-term funding costs would limit and discourage dealer involvement in derivatives and derivatives-related transactions, effectively reducing liquidity in the market that end-users rely on to hedge risk and (2) costs associated with capital-raising in a less liquid market would inevitably be borne by derivatives end-user companies. These costs are likely to be passed on in the form of increased fees or transaction costs, less favorable terms and collateral requirements. Taken together, the BCBS NSFR would hinder end-user abilities to effectively hedge risk. A January 2015 study of the OTC derivatives market by Oliver Wyman concluded that the NSFR's treatment of OTC derivatives would require an additional $500 billion in long-term funding, generating $5-8 billion in incremental costs to the industry, with a cost increase of 10-15% for derivatives transactions.

In particular, the Coalition is concerned with several aspects of the NSFR implementation that would affect the costs at which end-users hedge their commercial risk: (1) the add-on costs associated with counterparty payables; (2) the treatment of uncollateralized receivables; (3) the lack of collateral offsetting provisions; and (4) the liquidity squeeze related to the treatment of corporate debt. Without proper consideration by the Federal Banking Agencies, these issues, along with the overall Basel III regime, would further exacerbate liquidity scarcity and increase the cost of making our commercial industries safer and more stable.

### A. Add-on costs associated with counterparty payables are restrictive and should be reduced.

Requiring dealer counterparties to provide required stable funding for 20% of the negative replacement cost of derivative liabilities (before deducting variation margin posted) is a clear example of the direct burdens that would affect end-users' ability to efficiently mitigate risk. The Coalition recognizes and understands the importance of addressing contingent risks with derivatives

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[6] By including an exemption for end-user derivatives activities in an NSFR rule, the Federal Banking Agencies would in no way exclude the major risks associated with exposures related to residential mortgages, insurance assets and unencumbered securities—assets that have been associated with the causes of the financial crisis.

instruments; however, the BCBS NSFR add-on provision, which was not subject to public comment, is overly protective and ignores payables and receivables that are matched. It is unclear whether the add-on requirement would actually address the risk it seeks to capture. For example, even if a derivative payable obligation was perfectly matched to an identical receivable obligation (with different counterparties), the counterparty payable would still need to retain 20% long-term funding even though the derivatives instruments would cancel out each other's contingent risk in the event of market movements. The BCBS NSFR ignores this reduction of contingent risk by matching exposures, and instead imposes a blunt 20% requirement when a more nuanced approach is warranted.

The Federal Banking Agencies should carefully evaluate the impact of the 20% payable add-on for derivatives transactions to ensure that it does not unnecessarily increase costs for clients of banks and also should look into alternatives that more accurately capture funding risks.

### B. The treatment of uncollateralized receivables should be commensurate with maturation.

Commercial end-users are currently exempt from the legal requirement to post collateral, including initial and variation margin; however, the BCBS NSFR could undermine this exemption by requiring dealers to fund uncollateralized net receivables with 100% long-term funding, regardless of the maturity of the receivable. Without consideration of current legislative and administrative exemptions, dealer counterparties could avoid this long-term funding requirement by requiring end-users to collateralize the transaction with cash margin meeting the stringent Basel III leverage ratio requirements. Similarly, if a dealer chose not to demand collateral, the dealer would pass on the costs of long-term funding in the form of embedded derivatives fees. The BCBS NSFR's treatment of derivatives liabilities is asymmetrical as the October 2014 revisions apply to all derivatives liabilities, regardless of maturity, when other liabilities with maturities under one year are exempt. Requiring dealers to hold long-term capital when serving as counterparties to short-term derivatives exposures further burdens commercial end-users and penalizes prudent risk management strategies. Without recognition for the stable nature of uncollateralized commercial hedges, the BCBS NSFR could materially undermine a legislatively encouraged and permitted practice. Proposed and final rules issued by the Federal Banking Agencies should recognize current exemptions and better align long-term funding obligations with the maturation of uncollateralized receivables.

### C. Collateral posted by commercial end-users should better offset costs associated with increased long-term funding requirements.

The Federal Banking Agencies should endeavor to better align stable collateral with long-term funding requirements. Disproportional discounting of collateral posted would force dealers to mitigate costs elsewhere. The Federal Banking Agencies must be cognizant that banks may require end-users to post collateral, regardless of available exemptions, and should consider the resulting impact on end-users and endeavor to better align collateral value with long-term funding obligations. Further, the Coalition is concerned that the increased costs resulting from the BCBS NSFR's treatment of collateral will be passed on to end-users nonetheless. Although most corporate end-users do not post margin for their derivatives with bank counterparties, as intended by their exemption from margin requirements on uncleared swaps, the bank counterparties do need to hedge the resulting positions from their end-user trades. Those "back-to-back" hedging transactions by the bank counterparties are subject to mandatory clearing and margin requirements. Consequently, costs borne by banks on transactions established to offset end-user transactions will be passed on to end-users through transaction prices. In particular, below we highlight the asymmetrical treatment of initial margin and the funding value of cash and securities collateral.

### *1. The treatment of initial margin is asymmetrical and should be better aligned.*

In instances where an end-user would be required by a dealer to post initial margin, proposed and final rules from the Federal Banking Agencies should better align end-user collateral with a dealer's long-term funding requirements. The BCBS NSFR would require that dealers hold 85% long-term funding against the initial margin they post to counterparties, but assigns zero funding value to initial margin received.[7]

Confusingly, while the BCBS has clearly stated that margin posted by end-users would reduce the cost of non-centrally cleared trades, the BCBS NSFR would largely ignore the recognized benefits of end-user collateral.[8] Recognition of initial margin posted by the end-user under an adopted NSFR would further reduce costs of the derivatives transaction by allowing dealers to offset long-term funding requirements with end-user collateral.

### *2. The treatment of collateral should account for the funding value of cash and securities-based collateral.*

In addition to the asymmetrical treatment of end-user initial margin, the BCBS NSFR's treatment of end-user collateral ignores the funding value of securities collateral and, in certain instances, even cash collateral.

Securities-based collateral, even U.S. Treasury bonds, posted by end-users would not count towards a dealer's long-term funding obligations, and the dealer would still need to fund 100% of a derivatives receivable position. This treatment would ignore the funding value of highly liquid securities, such as U.S. Treasury bonds. To offset these funding requirements, end-users may be forced to monetize their U.S. Treasury bonds in order to post cash as collateral; however, as discussed below, even cash collateral may be given 0% funding value. To mitigate increased fees and the liquidation of end-user securities, a proposed NSFR rule should recognize the funding value of high-quality securities collateral. Although it may be inappropriate to impose haircuts on such

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7 *See also* International Swaps and Derivatives Association's Letter to BCBS Regulators (Mar. 25, 2015), *available at* https://www2.isda.org/attachment/NzMzNg==/letter%20to%20cochairs%20BCBS%20Working%20_Group%20on%20Liquidity%2020%20March%2015.pdf (citing concerns with the asymmetrical treatment of margin and 20% add-on).

8 End-users that "post and receive initial margin can actually reduce the total costs of bilateral trading because margin collateral reduces the related capital requirement and the costs of capital exceed the costs of collateral." OTC Derivatives Assessment Team, *Regulatory reform of over-the-counter derivatives: an assessment of incentives to clear centrally*, Bank of International Settlements at 19 (Oct. 2014), *available at* http://www.bis.org/publ/othp21.pdf.

securities, doing so, instead of ignoring the value of such securities entirely, would better align assumed risks of end-user counterparties.

Cash collateral, too, would not qualify as satisfying long-term funding obligations if there is any shortfall of cash collateral that persists longer than one settlement day, given the cash variation margin netting requirements in the supplementary leverage ratio. The requirement that variation margin exchanged "fully extinguish" the derivatives exposure could mean that if a bank has $99 of cash in hand collateralizing $100 of exposure, the $1 shortfall could mean having to treat the $100 exposure as entirely uncollateralized. This ignores the funding value of any cash collateral end-users post to their dealer counterparties and essentially requires dealers to raise incremental funding for derivatives receivables that are already cash-collateralized. This all-or-nothing approach would unnecessarily increase costs for derivatives end-users while doing nothing to mitigate a dealer's funding risk. When crafting the proposed and final NSFR rules, the Federal Banking Agencies should give funding credit for the actual collateral received and pay particular attention to the downstream effects that collateral treatment may have on the end-user community.

### D. The treatment of corporate debt could hinder end-user capital raising efforts.

End-users rely on the ability of dealers to hold short-term inventory as part of the business of underwriting end-user corporate debt issuances, which are used to fund growth and to meet business needs. Indeed, a recent Federal Reserve study indicates that over 56% of commercial paper issued in the United States has a maturity of five weeks or less.[9] The BCBS NSFR, however, does not take into account the maturity of end-user-issued debt when determining a dealer's required stable funding. The BCBS NSFR's general application would restrict liquidity in the corporate debt markets by requiring dealers to raise 50-85% long-term funding to support their inventory, which would discourage market-making. In light of the end-user reliance on market-based funding and the importance of liquid markets for corporate bonds and commercial paper, the Federal Banking Agencies should reconsider the BCBS's 50-85% long-term funding requirement.

## V. CONCLUSION

The Coalition comprises hundreds of companies that provide critical commercial services on a worldwide basis. To help facilitate commercial endeavors, Coalition members regularly use derivatives as a mechanism to reduce commercial risks associated with their businesses. Given that the end-user community facilitates risk reduction, that end-user derivatives activities do not contribute to systemic risk and that reducing market risks encourages capital investment, economic growth and jobs creation, a proposed NSFR should provide exemptive relief for commercial end-users' derivatives transactions under the NSFR calculations. Such relief would ensure economic stability, encourage economic growth and jobs creation, promote a liquid marketplace, align with congressional intent and foster sound and prudent financial reform. The Federal Banking Agencies

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9 *Data Download Program: Maturity Distribution of Commercial Paper Outstanding*, Board of Governors of the Federal Reserve System (Apr. 2015), *available at* http://www.federalreserve.gov/datadownload/Choose.aspx?rel=CP.

should not blindly adhere to the BCBS NSFR and accordingly, implement the NSFR in a manner that best reflects congressional intent and is subject to robust, transparent economic analysis.

As proposed by the BCBS, the BCBS NSFR applies a one-size-fits-all and overly simplistic approach to derivatives funding requirements and would inadequately recognize the societal value of end-user risk mitigation activities. The relation of systemic risk reduction and commercial end-user hedging is tenuous and unclear under the current proposed standards. Without the exemption and the modifications described in this letter, the implementation of a rule by the Federal Banking Agencies and other global regulators based on the BCBS NSFR would decrease liquidity, making it more difficult for end-users to hedge their business risks but without providing any clear, offsetting benefits or reductions to systemic risk. Further, implementation of the BCBS NSFR would likely increase costs borne by the end-user in the form of higher transaction fees, less favorable terms and more collateral requirements. The potential decrease in dealer participation, coupled with additional funding costs borne by the end-user, would hinder end-user abilities to effectively hedge and reduce risks to doing business. This will discourage capital investments, economic growth and jobs creation. The Coalition, in light of the burdens discussed above, strongly supports further analysis of the NSFR and its disparate impact on the end-user community.

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The Coalition thanks the Federal Banking Agencies for the opportunity to provide our views on a possible NSFR proposal. We appreciate the regulators' efforts to implement NSFR requirements that serve to strengthen the derivatives markets without unduly burdening end-users and the economy at large. We are available to meet with the Federal Banking Agencies to discuss these issues in more detail.

Thank you for your consideration of these very important issues to derivatives end-users. Please contact Michael Bopp at 202-955-8256 or at mbopp@gibsondunn.com if you have any questions or concerns.

Yours sincerely,

Coalition for Derivatives End-Users

Enclosure

cc: European Banking Authority

## About the Coalition

The Coalition for Derivatives End-Users (the "Coalition") was established nearly six years ago to represent the views of end-user companies that employ derivatives primarily to manage risks associated with their businesses. Roughly 300 companies and business associations have been active in the Coalition on legislative and regulatory matters resulting from the G-20 regulatory reform agenda. Our message is straightforward: financial regulatory reform measures should promote economic stability and transparency without imposing undue burdens on derivatives end-users.

End-users predominantly use derivatives to hedge or mitigate commercial risk. The use of derivatives to hedge commercial risks benefits the global economy by allowing a range of multinational businesses—from manufacturing to healthcare to agriculture to technology—to improve their planning and forecasting and offer more stable prices to consumers and a more stable contribution to economic growth. Imposing unnecessary regulation on derivatives end-users, which did not contribute to the financial crisis, would create more economic instability, restrict job growth, decrease productive business investment and hamper competitiveness in the global economy.

The Coalition advocates for end-users in the United States and abroad before both legislators and regulators. We have met with hundreds of elected and appointed officials, submitted dozens of comment letters and testified at several congressional hearings. Through these efforts, we have helped shape the law and rules that regulate how end-users employ derivatives.

The Coalition is run by a steering committee comprised of representatives from the following organizations:

- Agricultural Retailers Association
- American Petroleum Institute
- Business Roundtable
- Commodity Markets Council
- Financial Executives International
- National Association of Corporate Treasurers
- National Association of Manufacturers
- National Association of Real Estate Investment Trusts
- The Real Estate Roundtable
- U.S. Chamber of Commerce

A detailed list of companies that have been active in the Coalition is attached.

You can learn more about the Coalition on our web site:
http://coalitionforderivativesendusers.com/

# Companies and organizations that support various initiatives of the Coalition for Derivatives End-Users

## Companies

3M
A&D Insight, LLC
Acadia Realty Trust
AES Corporation
Air Products and Chemicals, Inc.
Alcoa
Allegheny Energy
Allegheny Technologies Incorporated
Alliant Energy Corp.
Allstate Insurance Company
AMB Property Corporation
AMC Entertainment Inc.
Ameren Services
American Adhesive Coatings Company
American Electric Power
American Residential Communities
Anadarko Petroleum Corporation
Applied Materials, Inc.
ARAMARK Corporation
Archer Daniels Midland Company
Ashford Hospitality Trust
Associated Estates
Atmos Energy
Avista
Ball Corporation
Bayer Corporation
Black Diamond Minerals, LLC
Black Hills Corporation
Blyth, Inc.
Bobrick Washroom Equipment, Inc.
Bolton Emerson Americas
Boston Scientific Corporation

BP America
Cabot Corporation
Cargill, Inc.
Caribbean Property Group
Caterpillar Inc.
Chatham Financial
Chesapeake Energy Corporation
CIP Real Estate
CMS Energy
CNL Financial Group
Columbia Sussex Corporation
Conoco-Phillips
Community Health Systems
Compass Minerals
ConAgra Foods, Inc.
ConGlobal Industries
Constellation Energy
Cordillera Energy Partners III, LLC
Craton Capital Management, LLC
CSC
Cummins Inc.
Cybex International Inc.
Daimler
Dean Foods Company
Deere & Company
Devon Energy Corporation
Dominion
Donahue Schriber Realty Group L.P.
Douglas Emmett
Duke Energy
DuPont Company
DuPont Fabros Technology

Dynegy Inc.
Eagle Rock Energy Partners, L.P.
Eaton Corporation
Ecolab Inc.
Edison International
El Paso Corporation
Emdeon
Enbridge Energy Company, Inc.
EnCana Oil & Gas (USA) Inc.
Energy Future Holdings Corp.
Entertainment Properties Trust
EOG Resources, Inc.
Exelon Corporation
First Capitol Ag
FMC Corporation
Ford Motor Company
Forest City Enterprises, Inc.
Formation Capital
FPL Group
Gavilon, LLC
General Electric Company
General Mills
General Motors
GID Investment Advisers LLC
Glimcher Realty Trust
Golden Living
Goodrich Corporation
Hampshire Real Estate
HCA Inc.
HCR ManorCare
Health Care REIT, Inc.
Heritage Feeders, L.P.
Hersha Hospitality Trust

Hess Corporation
Hewlett-Packard Company
Honda
Honeywell
Host Hotels & Resorts, Inc.
Hyundai Capital America / Hyundai Motor Finance Company
IBM
Johnson Controls
Jungs Station Associates
Kansas City Power & Light Company
KBS Real Estate Investment Trust, Inc.
Kelly-Moore Paint Co., Inc.
Kerzner Istithmar Limited
Kilroy Realty Corporation
Legacy Partners Residential, Inc.
Lexmark International, Inc.
LINN Energy
Lockheed Martin
Loews Corporation
McDonald's Corporation
Marlin Steel Wire Products, LLC
Medtronic, Inc.
Microsoft Corporation
Mid-America Apartment Communities, Inc.
MidAmerican Energy Holdings Company
MillerCoors
MVP Management Corporation
National Grid
National Gypsum Company
National Retail Properties, Inc.
Nationwide Insurance

Newfield Exploration Company
Nissan North America, Inc.
Novation Partners
Novelis Inc.
Ocean Properties LTD.
Occidental Petroleum Corp.
ONEOK, Inc.
Peabody Energy
PepsiCo, Inc.
Portland General Electric
Principal Financial Group
Prudential Financial, Inc.
Public Service Enterprise Group
Puget Sound Energy
Quadrangle Development Corporation
Questar Corporation
Regency Centers Corporation
Rolls-Royce North America
Ryder System, Inc.
Sealed Air Corporation
Shell Energy North America
Siemens
Simon Property Group
Simons Petroleum, Inc.
Southern Union Gas Services, Ltd.
Southwestern Energy Company
Sprinkle Financial Consultants LLC
St. Mary Land & Exploration Co.
Strategic Hotels & Resorts, Inc.
Superior Graphite Co.
Superior Woodcraft, Inc.
Swift Energy Company

Targa Resources, Inc.
Teradata Corporation
Terex Corporation
The AES Corporation
The Boeing Company
The Coca-Cola Company
The Commonwealth Group
The Dow Chemical Company
The Durst Organization
The JBG Companies
The Procter & Gamble Company
The Timken Company
The Walt Disney Company
Thomas Properties Group, Inc.
Timberlane Village Associates
Time Warner
Toyota
UM Holdings Ltd
United Technologies Corporation
Vectra Management Group
Vermeer
Volvo
W. R. Grace
Walker Center Associates, LLC
Wal-Mart Stores, Inc.
Weingarten Realty Investors
Whirlpool
Whiting Petroleum Corporation
Xcel Energy
Xerox Corporation
Zilber Ltd
Zimmer, Inc.

## Organizations

Aerospace Industries Association of America, Inc.
Agricultural Retailers Association
American Forest & Paper Association
American Cotton Shippers' Association
American Farm Bureau Federation

American Gas Association
American Petroleum Institute
American Soybean Association
Associated Industries of Massachusetts
Association for Finance Professionals
Business Roundtable

Commodity Markets Council
Edison Electric Institute
Financial Executives International
Independent Petroleum Association of America
Independent Petroleum Association of Mountain States
Mississippi Manufacturers Association

National Association of Corporate Treasurers
National Association of Manufacturers
National Association of Real Estate Investment Trusts
National Association of Wheat Growers

National Corn Growers Association
National Council of Farmer Cooperatives
National Grain & Feed Association
Natural Gas Supply Association
National Mining Association

Texas Independent Producers and Royalty Owners Association
Texas Oil & Gas Association
Texas Pipeline Association
The Information Technology Industry Council
The Real Estate Roundtable
U.S. Chamber of Commerce