

Press Release of Senator Cantwell

Cantwell, End-Users Advocate Tough Derivatives Reform

Wednesday, February 03, 2010

WASHINGTON, DC – Senator Maria Cantwell (D-WA) said today Congress and the Obama administration must establish tough regulatory oversight and transparency in derivatives trading and commodities markets to prevent abuses that helped bring about the economic crisis. Cantwell joined commodity “end-users,” – businesses that actually trade in or use commodities such as petroleum and agriculture products – and consumer protection organizations, to advocate moving all standardized derivatives onto fully regulated public exchanges and clearinghouses. Loopholes in the House-passed bill leave up to 60 percent of the derivatives market without minimum requirements for capital behind trading positions. The resulting unregulated and highly leveraged gambling in derivatives, Cantwell said, were a major contributing factor in a financial crisis that has now become an economic crisis.

“Reining in the dark derivatives market is key to getting capital flowing to community banks and small businesses that are in the best position to stimulate economic growth on Main Street,” Senator Cantwell said. **“To get our economy on track, we must bring full transparency and capital requirements to the entire derivatives market. This will prevent a repeat of the massive losses in unregulated derivatives trading – losses that taxpayers ultimately paid for.**

“The House of Representatives has passed legislation riddled with loopholes, which will not result in change. I will be fighting in the Senate to pass strong legislation to repair the failed financial regulatory system, and I will be working to close *all* loopholes to prevent any return of risky business.”

Cantwell has introduced three bills in the past six months to strengthen financial regulations, prevent market manipulation and forestall a recurrence of the financial collapse. For more information on the legislation Cantwell has introduced, see the following press releases:

Derivatives Market Manipulation Prevention Act of 2009 (introduced 9/17/09):
<http://tinyurl.com/DMMPA2009>

Legislation subjecting derivatives traders to state gambling regulations (introduced 11/10/09):
<http://tinyurl.com/DerivativesLoopholeBill2009>

Cantwell-McCain Banking Integrity Act of 2009 (introduced 12/16/09):
<http://tinyurl.com/Cantwell-McCainBIA2009>