



## Customer Protection and End User Relief Act

### **GROWMARK Position:**

GROWMARK respectfully requests you to vote in favor of the Customer Protection and End User Relief Act (HR 4413). This act will help farmers and small risk management entities continue compliance with the Commodity Futures Trading Commission (CFTC) regulations on grain trades and remain in business.

### **Background:**

The CFTC's current customer protection rule provides futures customers with a full day to get their needed margin to a futures commission merchant. However, without Congress passing HR 4413, this time will be shortened significantly in the future. The negative impacts of this include:

- Requiring farmers and ranchers to pre-fund margin accounts. This is due to requirements that force futures commission merchants to hold larger cash amounts to pay clearinghouses at the start of trading on the next business day.
- Driving small and mid-sized agricultural producers out of the market due to the higher costs of pre-funding margin accounts.
- Fewer choices to customers as a result of mergers of small and mid-sized futures commission merchants who will be forced to consolidate as small players are forced out of the market.

The Customer Protection and End User Relief Act specifies that keeping searchable written records of the final material economic terms of an agreement will be sufficient. This allows farmers, grain elevators, agriculture counterparties, and commercial market participants relief from onerous and unnecessarily costly recordkeeping of all forms of communication that may possibly lead to a trade. Current requirements lead market participants to face being out of compliance due to a lack of available technology.

June 2014