



June 24, 2011

Gary Gensler
Chairman
U.S. Commodity Futures Trading Commission
Three Lafayette Centre,
1155 21st Street, NW
Washington, DC 20581

Dear Chairman Gensler:

We are writing to you as a group of lenders, philanthropic funders, and organizations that support poverty alleviation and financial inclusion in the developing world through micro and small enterprise finance. The microfinance industry provides very small loans to underserved poor entrepreneurs, allowing them to support their families and communities with jobs and incomes. Poor women receive 80% of microfinance loans, contributing to the creation of small businesses, the greatest potential source of employment for developing economies.

Three years ago, key leaders in the microfinance industry launched an initiative to address the problem of currency risk, which threatened to undermine the long-term viability of microfinance. Much of the wholesale funding for microfinance that comes from the developed world is denominated in dollars and euros, but local microfinance institutions in developing countries must lend to micro-entrepreneurs in their local currency. By borrowing in one currency and lending in another, microfinance institutions run the risk of building up large currency mismatches that could seriously undermine their success in the event of currency fluctuations.

These leaders determined that, to solve this problem, they needed to create a special hedging facility to give microfinance lenders access to currency derivative products tailored to their needs. These needs include smaller denominations, more exotic developing market currencies, and more flexible collateral requirements than banks normally provide.

In 2008 we pooled our resources and created MFX Solutions, a microfinance industry cooperative facility that allows microfinance funds to hedge the currency risk on their loans and thereby provide the local currency loans the industry needs. MFX acts as intermediary between the industry and commercial hedging markets. It provides tailored cross-currency swaps and forwards to its members and then fully offsets the risk to larger market counterparties. MFX only provides swaps to members making microfinance loans and operates in service to the microfinance community.

In support of its development mission, MFX has received guarantees from the U.S. Government's Overseas Private Investment Corporation (OPIC) and the Dutch government's development bank, FMO. MFX uses these AAA guarantees to cover its clients' and its own collateral requirements, which has allowed MFX to lessen the burden of collateral on microfinance lenders and reduce its own liquidity needs. This model poses no systemic risk, and MFX operates according to Basel II investment-grade capital standards. Last year, MFX was named by the G-20 as a winner in its SME Finance Challenge which selected the best new initiatives for catalyzing financing to small business in developing countries.

It is our understanding that, under the proposed rules for the Dodd-Frank legislation, MFX would be designated as a “swap dealer”. This designation would impose collateral, margin and minimum capital requirements that would make it impossible for MFX to continue to serve the microfinance industry with affordable hedging products. MFX provided detailed comments on this topic in its letters to the CFTC dated February 22nd, 2011 and June 3rd, 2011.

We understand that the legislation limits CFTC’s exemptive authority. However, we respectfully request that the CFTC provide relief for organizations such as MFX, whose mission is unequivocally to reduce risk for a sector that otherwise does not have access to these important risk-management tools. It is also vital that rules be applied evenly across jurisdictions so that organizations like MFX that work with counterparties in Europe and elsewhere face coherent rules under which to operate.

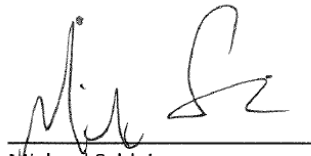
We do not believe that the intent of this legislation is served by undermining efforts such as MFX, which seeks to reduce risk for an industry that is vital to poor, developing countries. On the contrary, MFX represents the type of non-speculative, safe hedging model that the bill is designed to encourage.

We appreciate your attention to this matter.

Sincerely,



Lisa Hall
President and CEO
Calvert Foundation



Michael Schlein
President and CEO
ACCION International



Matt Bannick
Managing Partner
Omidyar Network



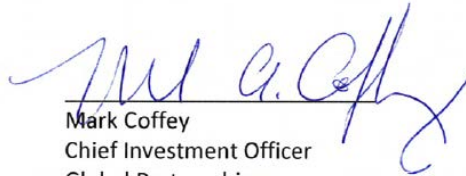
Christian Speckhardt
Member of the Management
responsAbility Social Investments AG



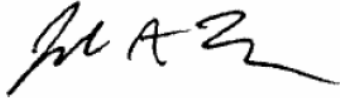
cc: Dan Berowitz, General Counsel
Jaqueline Mesa, Director, Office of International Affairs



Mitchell Lench
CEO
Treetops Capital LP



Mark Coffey
Chief Investment Officer
Global Partnerships



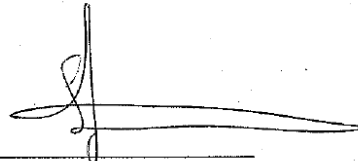
Jacob Haar
Managing Director
Minlam Asset Management LLC



Juan Carlos Pereira
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OIP Omrix Investment Managers, S.A.
As General Partner of the
Emergency Liquidity Facility, L.P.



Alex Silva
Executive Director
Calmeadow



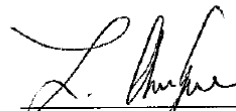
Liesbeth Soer
Deputy Director
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Stichting Hivos-Triodos Fonds,
Stichting Triodos-Doen,
Triodos Fair Share Fund, and
Triodos Sicav II – Triodos Microfinance Fund



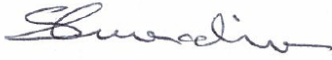
Kaspar Wansleben
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Luxembourg Microfinance
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Arun Gore
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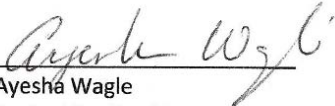
Name of person signing **Silvia Cornacchia**
Title **Senior Portfolio Manager**
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LOGO



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