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November 18, 2016

The Honorable Timothy G. Massad
Chairman
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street NW
Washington, DC 20581

Dear Chairman Massad:

Last week, the American people chose a new direction for our country. In light of that, I am writing to follow up on the Republican Conference's recent letter on "midnight rulemaking" and to expand on our request that you refrain from pushing through controversial regulations at the end of your tenure as Chairman of the Commodity Futures Trading Commission (CFTC).

President-elect Trump, along with House and Senate Republicans, ran on a platform of reducing government overreach and reforming the unnecessary burdens of federal regulation. While we may not agree on which regulations are overreaching or unnecessary, we should agree that the American people have asked for someone else to make that judgement.

President Obama told the public that he was looking forward to doing everything he could to make sure the next administration is successful. That must include preserving difficult and controversial rulemakings for the next chairman to complete. Failing to extend this courtesy to your successor will not settle the underlying policy questions. Instead, it will only create needless compliance burdens for market intermediaries and sow confusion for end-users who depend on derivatives to manage their business risks.

In particular, the position limits rulemaking remains a deeply controversial proposal. I applaud you and your staff for working diligently and making progress on a number of the significant deficiencies in the proposal you inherited, but the final supplement the Commission proposed remains far short of a workable rule. The public expects a healthy exchange of ideas and consideration of policy alternatives among commissioners as rules are finalized. However, at this late date, there is no longer enough time to understand potential policy alternatives, negotiate new language, and conduct the appropriate cost-benefit analysis of any amended final text. It now makes sense to entrust the work you and your staff have accomplished to your successor and the new commissioners who join the commission.

Similarly, Regulation Automated Trader (Reg AT) has been improved by the recently proposed supplemental, but it still has numerous problems that the next Commission must grapple with. I am concerned that the supplemental's abbreviated comment period may require impacted stakeholders to file comments in early January, only to see the new commissioners propose further amendments to the rule, necessitating another round of comment letters. This is a waste of resources both for market participants and the Commission. In order to prevent this, I urge you to extend the Reg AT comment period by 180 days, which will provide the new chairman time to plan and announce a new agenda to the public and allow commenters the opportunity to file one comment letter on the supplemental and any additional proposed changes.

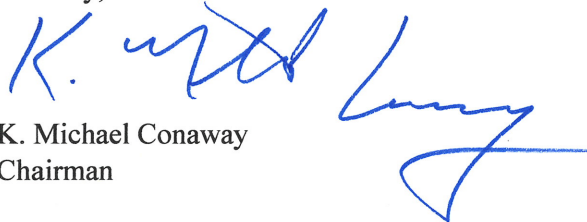
Finally, the Commission's ongoing rulemaking on the cross-border application of the registration threshold should also be put on hold. While it seems unlikely that the Commission could advance this rule, it is important that you leave your successor with as much latitude as possible to negotiate with foreign regulators on issues of international jurisdiction.

Although I am asking you to delay work on these controversial rulemakings, that does not mean that the CFTC has no work to do as the year draws to a close. In addition to continuing the robust market surveillance, enforcement activities, and other day-to-day work of the agency, there are non-controversial rules and orders that could be finalized. Among the many housekeeping actions the Commission could undertake would be to provide additional clarity about the regulation of digital currencies. Providing the public with more certainty will help to strengthen this new technology and protect the participants of these emerging markets.

As I close, I would be remiss if I did not publicly thank you for your work as chairman. Your forthright nature and willingness to listen served the Commission and our country well. Your leadership stabilized an agency reeling from previous mismanagement and your personal engagement provided a needed opportunity for end-users to be heard in the rulemaking process. The work of fine tuning Title VII will continue, but you have significantly expanded the common ground we share during your tenure.

Thank you for your service.

Sincerely,

A handwritten signature in blue ink, appearing to read 'K. Michael Conaway', with a stylized flourish at the end.

K. Michael Conaway
Chairman

cc:

The Honorable Sharon Y. Bowen
The Honorable J. Christopher Giancarlo