



U.S. COMMODITY FUTURES TRADING COMMISSION

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**Office of the
Chairman**

Timothy G. Massad
Chairman

May 13, 2015

The Honorable Michael Conaway
Chairman
House Agriculture Committee
1301 Longworth House Office Building
Washington, DC 20515

Dear Mr. Chairman:

As your committee prepares to mark up a bill reauthorizing the Commodity Futures Trading Commission (“the Commission”), I want to thank you for your commitment to the agency and its role in overseeing the futures, options and swaps markets. I also appreciate the opportunity to provide feedback on this bill. Our regulatory framework must promote integrity and transparency as well as efficiency, competition and innovation so that our markets can thrive.

With this in mind, I write to inform you that I am opposed to the Chairman’s mark. I believe many of the provisions in the bill before the Committee are either unnecessary or impose requirements on the Commission that would make it harder to fulfill our mission. The bill limits the agency’s ability to respond quickly to both market events and market participants. It will make it more difficult for us to make adjustments to rules and achieve greater global harmonization of swaps rules. And with respect to the provisions pertaining to commercial end-user concerns, the agency has sufficient authority to address the goals outlined in the legislation, and in most cases has already done so.

I have concerns that Title II of the bill includes language that would complicate the agency’s long-standing statutory requirements to consider costs and benefits in its rulemaking, imposing additional, unworkable standards and creating confusion that is likely to lead to more lawsuits instead of policy grounded in data-driven analysis. Had this language been in effect, it would have made it harder for the agency to positively respond over the past 10 months to market participants’ concerns. Title II also imposes procedural requirements on the Agency that to my knowledge are not followed by any other independent agency. These changes would make it difficult to manage the agency and ensure accountability, and could weaken the Commission for administrations to come.

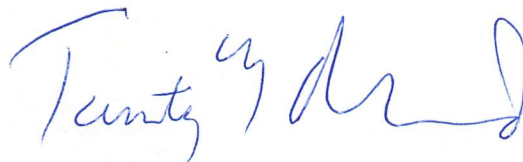
While I strongly support the goal of addressing commercial end-user concerns, I had hoped Title III of the bill would have taken into account actions taken by the Commission over the last year.

These actions have addressed end-user concerns in the legislative text. By seeking to roughly codify these into law, the legislation potentially creates new problems in the marketplace by creating unintended loopholes and uncertainties, and by removing important flexibility necessary in a rapidly changing market. I can assure you that the Commission will continue to be responsive to commercial end users. Also, Title III contains a problematic provision addressing the cross-border application of swaps rules that would make the challenge of harmonizing rules harder, rather than easier. As you and I have discussed, in seeking to harmonize rules, it is important to maintain customer protections and American competitiveness, and I do not believe this provision helps us do so.

As the bill moves forward, it is my hope that the Committee will consider the concerns outlined in this letter. Moreover, I would ask you to keep in mind the principle challenges facing the Commission include resource constraints and bolstering our enforcement and surveillance programs. I remain committed to working with you and believe that we can build an oversight framework that allows our markets to continue to thrive and serve the many businesses that depend on them.

Thank you again for the opportunity to work together.

Sincerely,

A handwritten signature in blue ink, appearing to read "Timothy J. Dowd". The signature is fluid and cursive, with a large initial "T" and a distinct "D" at the end.