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January 31, 2018

The Honorable J. Christopher Giancarlo
Chairman
United States Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, D.C. 20581

Dear Chairman Giancarlo:

We write to you today regarding the critical issue of cryptocurrencies and, more specifically, the launch of bitcoin futures and options in the United States. American taxpayers deserve strong safeguards against fraud, manipulation, and abusive practices in the futures and options markets, and the CFTC plays a critical role in protecting customers and the markets from harm.

In early December, the CFTC announced that three U.S. futures exchanges were launching new contracts based on bitcoin. Over a month has passed since the launch of the bitcoin contracts, giving the CFTC a chance to gather data on these contracts and evaluate how both the markets and the CFTC's oversight program have performed.

Although we have been encouraged by the initial steps the CFTC has taken, we believe the time is appropriate to take a closer look at the agency's oversight of these new contracts and identify issues that have arisen, including potential improvements to strengthen customer protections and minimize market risk.

We are interested in your perspective on the following items:

1. In announcing the new bitcoin contracts, the CFTC stated it would engage in numerous surveillance activities to ensure risks are appropriately addressed, including "monitoring and analyzing the size and development of the market, positions and changes in positions over time, open interest, initial margin requirements, and variation margin payments, as well as stress testing positions."

Please describe how the CFTC has carried out these surveillance activities and what, if anything, the CFTC has learned from the surveillance activities.

2. Bitcoin has experienced significant volatility in recent months, and in recent weeks, its value has declined significantly. This has created heightened concerns about the risks of bitcoin futures and options, and whether sufficient safeguards are in place to protect customers and the markets. Prior to the launch of bitcoin futures and options,

the exchanges agreed to implement additional safeguards, such as increased margin requirements.

Please describe how those safeguards have performed thus far. Does the CFTC anticipate making adjustments to these safeguards in the foreseeable future? If so, what concerns have you identified?

3. To what degree have the CFTC's oversight capabilities with respect to the new bitcoin markets been constrained by resource limitations, if at all? If so, please describe how resources could be used to bolster the CFTC's oversight of current and future cryptocurrency markets.
4. The CFTC has stated that the futures exchanges have entered into information sharing agreements with the underlying cash-market bitcoin exchanges. Through these agreements, the futures exchanges are expected to monitor the underlying cash markets for manipulation and other disruptive trading activities.

What is the scope of information currently shared between the futures exchanges and the underlying bitcoin exchanges, as provided in the agreements? Do you believe the agreements are sufficient? If yes, describe why, and if not, please explain how they could be improved.

Please also describe how the CFTC's surveillance program would be strengthened if the CFTC itself had improved and/or direct access to information on the underlying cash-market bitcoin exchanges.

5. Cryptocurrencies raise a number of concerns beyond just the futures and options markets, such as cybersecurity risks, money laundering, and terrorist financing. These concerns extend beyond the CFTC's jurisdiction, implicating other federal and state regulators.

Please describe how the CFTC has coordinated with other government entities concerning cryptocurrencies. What steps will the CFTC take to promote coordination and cooperation among regulators and law enforcement authorities?

Thank you for your attention to this important matter.

Sincerely,



Pat Roberts (R-KS)
Chairman



Debbie Stabenow (D-MI)
Ranking Member