

## EXECUTIVE SUMMARY

This year the FIA Principal Traders Group (FIA PTG) continued its advocacy work in connection with the Treasury clearing mandate and related rule filings, timely transaction reporting and Consolidated Audit Trail (CAT) funding issues. In addition to these ongoing initiatives, FIA PTG also responded to new proposals and requests for information on AI, 24-hour trading and planned exchange data center expansions, among others.

FIA PTG filed amicus briefs in support of the plaintiffs contesting CAT Funding, Dealer Definition and Non-Compete Ban final rules – all especially important issues for members. At present the Courts have vacated both the Dealer Definition and Non-Compete Ban rules; the Non-Compete Ban decision has been appealed and the CAT Funding litigation is ongoing.

FIA PTG also supported its members by creating working groups to facilitate information sharing and support for the implementation of final rules on FINRA membership and SEC 13f-2 reporting. In addition, FIA PTG hosted various roundtables including: an Executive Committee roundtable with media members in attendance at the FIA Boca conference; a half-day information sharing cybersecurity roundtable for members; and a virtual roundtable on Done-Away Cash Treasury Clearing for Interdealer Brokers, Clearing Houses, Clearing Firms and members.

FIA PTG continues to monitor the digital asset policy landscape and expects to actively work with the new administration and the Congress to enact cryptocurrency legislation and with regulators on rulemaking and/or administrative actions.

In 2025, as we celebrate 15 years of FIA PTG, we look forward to continuing to promote the vital role professional liquidity providers play in today's markets.

## 2024 HIGHLIGHTS

- Submitted 16 letters to regulators, policymakers and exchanges.
- Filed 5 amicus briefs.
- Participated in 21 meetings with regulators, policymakers and exchanges.
- Continued FIA PTG representation on CFTC Advisory Committees:
  - Energy and Environmental Markets Advisory Committee (EEMAC).
  - Market Risk Advisory Committee (MRAC).
  - Agricultural Advisory Committee (AAC).
  - Global Markets Advisory Committee (GMAC).

- Continued to develop and expand relationships with other trade associations and industry groups including: Alternative Investment Management Association (AIMA), CCP Global, International Swaps and Derivatives Association (ISDA), Managed Funds Association (MFA), Securities Industry and Financial Markets Association (SIFMA), SIFMA's Asset Management Group (SIFMA AMG), and the Treasury Market Practices Group (TMPG).
- FIA PTG Members participated in:
  - 7 meetings with SEC Commissioners and staff members.
  - 1 meeting with CFTC Commissioners and staff members.
  - 3 meetings with Treasury staff.
  - 1 meeting with Federal Reserve staff.
  - 9 meetings with exchange and CCP leadership teams.
  - Numerous meetings in connection with FIA PTG participation on CFTC Advisory Committees and Subcommittees.
- Hosted one media roundtable.
- Hosted one cybersecurity roundtable for FIA PTG members.
- Hosted an industry virtual roundtable discussion on done-away cash Treasury clearing.

## **MISSION OF THE FIA PRINCIPAL TRADERS GROUP**

- Provide a forum for proprietary trading firms to identify and discuss issues confronting the PTG community.
- Define common positions on public policy issues and advance the group's collective interests through the FIA.
- Improve public understanding of the constructive role played by proprietary trading firms in the exchange-traded equities and derivatives markets.
- Promote cost-effective, transparent access to U.S. and non-U.S. markets.

## **ADVOCACY GOALS – 2024**

1. Continue educating policymakers, including regulators, relevant legislators, and staff.
2. Continue pursuit of additional worthwhile representation opportunities on regulatory advisory committees, panels, and roundtables.
3. Continue to work with equity and futures exchanges on matters of importance to the group.
4. Continue to work with other like-minded trade associations and companies where appropriate on issues of mutual interest.
5. Continue to inform Members and Member offices of our positions on possible legislative initiatives, as well as actions by the regulatory agencies they oversee. Possible legislative initiatives could include:
  - a. Legislation on cryptocurrencies/digital assets.

- b. Legislation related to SEC regulatory proposals, including equity market structure, dealer registration, FINRA membership, Consolidated Audit Trail, and treasury mandatory clearing.
  - c. Financial transaction tax.
  - d. Legislation aimed at “excessive speculation” in derivatives markets.
  - e. Legislation related to artificial intelligence.
  - f. Other relevant legislation to derivatives/securities regulation.
6. Continue pursuing specific regulatory initiatives including:
- a. Monitor for rule proposals and oversight developments related to automated trading (CFTC, SEC, Federal Reserve Board, US Treasury, and Exchanges).
  - b. Engagement with regulators on rule proposals for introducing artificial latency mechanisms (CFTC, SEC, and Exchanges).
  - c. Engagement on the SEC’s equity market structure proposals (SEC).
  - d. Engagement regarding other SEC proposed rules including dealer registration (SEC).
  - e. Monitor CCP recovery and resolution developments – including variation margin gains haircutting, waterfall, default auctions, and other issues (CFTC, IOSCO).
  - f. Monitor developments in policies for cybersecurity risks (SEC, CFTC)
  - g. Monitor for any developments on transaction tax (Administration) and carried interest (Treasury).
  - h. Monitor for regulatory developments regarding artificial intelligence (CFTC, SEC, and Administration)
  - i. Monitor regulatory developments in digital asset markets and consider engagement where appropriate (CFTC, SEC, and Administration).

## **OUTREACH GOALS – 2024**

1. Continue to grow social media following.
2. Use Twitter and elink to advance FIA PTG positions and advocacy goals.

## **FIA PTG ADVOCACY**

### **Committee Participation**

- FIA PTG has a representative on the CFTC EEMAC and participated in the February 13 and April 10 meetings.
- FIA PTG has a representative on the CFTC MRAC and participated in the April 9 and December 10 meetings.
- FIA PTG has a representative on the CFTC AAC and participated in the April 11 meeting.
- FIA PTG has a representative on the CFTC GMAC and participated in the March 6, June 4 and November 21 meetings.

## Commodity Futures Trading Commission

- On March 11, FIA PTG members attending the FIA Boca Conference met with CFTC Chair Rostin Behnam for a general discussion.
- On April 24, FIA PTG joined FIA, CME, and ICE in a [joint response](#) to the CFTC AI Request For Comment.
- On June 25, FIA PTG filed a [letter](#) with the CFTC raising concerns with the self-certified rule change by the Chicago Board of Trade that extends the block trade reporting window for certain CBOT US Treasury futures contracts.
- On October 16, FIA PTG participated in a [CFTC Staff Roundtable](#) to consider several derivatives market structure issues.

## Securities and Exchange Commission

- On January 23, FIA PTG submitted a [comment letter](#) to the SEC opposing the Volume-Based Exchange Transaction Pricing Proposal.
- On February 15, FIA PTG submitted a [comment letter](#) to the SEC opposing the FINRA Proposal to Reduce the 15- Minute TRACE Reporting Timeframe to One Minute for Certain Fixed Income Products.
- On March 9, FIA PTG submitted a [comment letter](#) urging the SEC to disapprove the 27 SRO CAT Fee Filings.
- On April 17, FIA PTG submitted a [comment letter](#) to the SEC in response to the FICC access model and margin segregation rule change proposals mandated by the SEC in connection with the Treasury clearing mandate.
- On April 30, FIA PTG filed a [comment letter](#) urging the SEC to disapprove Nasdaq's proposed rule changes to Expand the Cabinet Proximity Option Program and to Establish a Reservation Fee.
- On May 17, FIA PTG's Treasury Market Structure Committee met with SEC Chair Gary Gensler, along with the SEC Chief Economist and the Director of the Division of Trading and Markets. The meeting focused on concerns with the central clearing mandate for Treasuries and related FICC rulemakings, especially in connection with the clearing of "done away" trades. Chair Gensler also asked about the group's views on the upcoming transition to T+1.
- On July 2, FIA PTG's Treasury Market Structure Committee met with SEC Chair Gary Gensler and SEC staff. The meeting focused on FICC rule change proposals related to Treasury clearing.
- On July 23, FIA PTG filed a [comment letter](#) with the SEC in response to the Fixed Income Clearing Corporation's (FICC) trade submission requirement proposal.
- On July 26, FIA PTG filed a [comment letter](#) with the SEC in response to 24X National Exchange's (24X) application for registration as a national securities exchange.
- On July 31, at the SEC's request, representatives from the FIA PTG Treasury Market Structure Committee met with staff from the Office of the Chief Accountant to discuss Treasury client clearing accounting.
- On September 4, FIA PTG filed a [comment letter](#) with the SEC in response to the proposed rule change by the Options Clearing Corporation to establish a margin add on charge that

would be applied to all clearing member accounts to help mitigate the risks arising from intraday and overnight trading activity.

- On October 3, FIA PTG met with the SEC to discuss new 13f-2 reporting requirements.
- On October 11, FIA PTG filed a [third comment letter](#) with the SEC on the various FICC proposals related to the Treasury clearing mandate.
- On October 11, FIA PTG filed a [second comment](#) letter with the SEC on the application of 24X National Exchange LLC for registration as a national securities exchange.
- On October 21, FIA PTG submitted a [comment letter](#) to the SEC in response to the latest Nasdaq proposal regarding the expansion data center NY11-4.
- On October 30, the FIA PTG Treasury Market Structure Committee met with Elizabeth Fitzgerald and her colleagues from the SEC Division of Trading and Markets to discuss the Treasury clearing mandate.
- On November 18, FIA PTG met with the SEC to work through a list of questions in connection with 13f-2 reporting.
- On November 25, FIA PTG joined five trade associations in [requesting](#) the SEC extend the compliance date for 13f-2 position reporting.
- On December 17, FIA PTG met with the SEC to work through additional questions in connection with 13f-2 reporting.

## OTHER

- On February 15, FIA PTG filed an amicus brief in connection with a lawsuit over the CAT Funding/Executed Share Model that was approved by the SEC.
- On March 7, the FIA PTG Treasury Market Structure Committee met with the Office of Debt Management, Treasury Department to discuss recently finalized Treasury Clearing and Dealer Rules.
- On March 7, the FIA PTG Treasury Market Structure Committee met with FMX & LCH to discuss their Treasury market offering, including the recent CFTC approval to operate an exchange for U.S. Treasury and SOFR futures.
- On March 11, FIA PTG members attending the FIA Boca Conference met with ICE Chair Jeff Sprecher and the ICE management team for a general discussion.
- On March 11, FIA PTG members attending the FIA Boca Conference met with CME Chair Terry Duffy and the CME management team for a general discussion.
- On March 27, the FIA PTG Treasury Market Structure Committee met with representatives from FICC to discuss its mandatory Treasury clearing related rule change proposals.
- On April 25, the FIA PTG Treasury Market Structure Committee met with CME Group leadership to provide feedback opposing the 10Y tick size change under consideration at the time. Ultimately CME Group did not make the tick size change.
- On May 7, FIA PTG filed an amicus brief in support of the plaintiffs in the National Association of Private Fund Managers, et al v. SEC lawsuit over the SEC's dealer rule.
- On May 15, FIA PTG joined other financial sector trade associations in filing an [amicus brief](#), coordinated by SIFMA, in support of the plaintiffs in the Chamber of Commerce v. FTC lawsuit over the FTC's non-compete ban.

- On May 24, FIA PTG joined over two hundred trade associations and chambers of commerce in sending a [letter](#) asking the FTC to stay the non-compete ban rule's effective date to allow for judicial review.
- On May 30, the FIA PTG Treasury Market Structure Committee met with Brian Smith, Deputy Assistant Secretary for Federal Finance at the Department of Treasury. The group discussed concerns with the Treasury clearing mandate.
- On June 13, the FIA PTG Market Access Committee met with representatives from Nasdaq to discuss concerns with the expansion data center NY11-4 as well as persistent latency inconsistencies in the existing data center NY11.
- On June 25, FIA PTG again joined other financial sector trade associations in filing an [amicus brief](#), in support of the plaintiffs in the ATS Tree Services, LLC v. FTC lawsuit over the FTC's non-compete ban.
- On July 18, FIA PTG again joined other financial sector trade associations in filing an [amicus brief](#) in support of the plaintiffs in the Properties of the Village, Inc., v. FTC lawsuit over the FTC's non-compete ban.
- On July 25, the FIA PTG Market Access Committee met with representatives from CME Group on their plan to build a new private google cloud region and co-location facility.
- On July 30, the B3 Exchange provided FIA PTG and FIA EPTA members with an overview of the Internalization Consultation currently underway.
- On August 12, FIA PTG joined FIA in a [letter](#) urging the US Treasury Department to remain technology-neutral on AI.
- On August 22, FIA PTG's Treasury Market Structure Committee met with representatives from ICE who presented their plans for providing Treasury Clearing.
- On September 24, FIA PTG's Treasury Market Structure Committee met with representatives from CME for a presentation of their planned Treasury Clearing offering.
- On November 4, FIA PTG joined FIA EPTA in [responding](#) to the Comissão de Valores Mobiliários' (CVM - Brazil's securities and exchange commission), public call for contributions to the regulatory discussion involving equity market structure in Brazil.
- On November 4, the FIA PTG Treasury Market Structure Committee met with the NY FRB/Ellen Correia Golay to continue discussing the Treasury clearing mandate.
- On December 4, the FIA PTG Treasury Market Structure Committee met with Brian Smith, Deputy Assistant Secretary for Federal Finance at the Department of Treasury. The group discussed ongoing concerns with the Treasury clearing mandate.

## FIA PTG OUTREACH

### Highlighted Media Outreach

Hosted a media roundtable at the FIA Boca Conference where representatives from the FIA PTG Executive Committee met with reporters from Argus Media, Bloomberg, Financial Times, Markets Media, Risk.net, Thomson Reuters, Wall Street Journal and The Options Insider. The press briefing was lively with reporters from a wide diversity of experience and beats. The reporters were interested

in questions relevant to their beats – from general finance to the regulatory environment to options to derivatives.

## Conferences

- Members moderated and/or participated on panels at FIA Boca, FIA Law & Compliance and the FIA Futures & Options Expo conference programs.

## **OTHER INITIATIVES**

- Continued to contribute to the FIA Exchange Risk Controls Survey/Repository project.
- On February 16, FIA PTG hosted a Zoom Presentation: Overview of Recently Finalized Changes to SEC “Dealer” Definition – James Brady, Partner, Katten for FIA PTG and FIA EPTA members.
- On May 23, the FIA PTG Cyber Working Group held a half-day roundtable info sharing discussion. Topics included password and passwordless access, infrastructure resilience and cyber insurance.
- On July 18, FIA, with input from FIA PTG, released [Best Practices for Automated Trading Risk Controls and System Safeguards](#). This paper consolidates our previous work and covers the best practices in pre-trade risk management, exchange volatility control mechanisms, post-trade analysis and exchange-based conformance testing, among other areas.
- On July 23, FIA PTG consultants Delta Strategy Group and Blue Ridge Law & Policy led an election discussion with FIA PTG members.
- On October 10, FIA PTG consultant Delta Strategy Group provided an election update for FIA PTG members.
- On October 23, FIA PTG participated in a half-day in-person SIFMA led discussion group on Done-Away Treasury Clearing.
- On November 11, FIA PTG consultants Delta Strategy Group and Blue Ridge Law & Policy provided a post-election update for FIA PTG members.
- On November 21, FIA PTG participated in a second in-person SIFMA led discussion group on Done-Away Treasury Clearing.
- On December 11, FIA/FIA PTG hosted a Virtual Roundtable Discussion on Done-Away Cash Treasury Clearing. Over 70 participants from IDBs, CCPs, PTFs and FCMs participated in the discussion.

## **ORGANIZATIONAL EVENTS**

- Elected Executive Committee and Nominating Committee Members.
- Hosted 6 virtual members meetings of the group.
- Hosted 9 virtual networking meetings for the group.
- Hosted 3 in-person social events.

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5. Continue to inform Members and Member offices of our positions on possible legislative initiatives, as well as actions by the regulatory agencies they oversee. Possible legislative initiatives could include:
  - a. Legislation on cryptocurrencies/digital assets.
  - b. Legislation on R&D tax credit.
  - c. Legislation related to SEC regulatory proposals, including equity market structure, dealer registration, FINRA membership, Consolidated Audit Trail, and treasury mandatory clearing.
  - d. Financial transaction tax.
  - e. Legislation aimed at “excessive speculation” in derivatives markets.
  - f. Legislation related to artificial intelligence.
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  - f. Monitor developments in policies for cybersecurity risks (SEC, CFTC).
  - g. Monitor for any developments on transaction tax (Administration) and carried interest (Treasury).
  - h. Monitor for regulatory developments regarding artificial intelligence (CFTC, SEC, and Administration).
  - i. Monitor regulatory developments in digital asset markets and engage where appropriate (CFTC, SEC, and Administration).
  - j. Monitor and engage on other market structure proposals of importance to our members, including 24/7 trading and disintermediation (CFTC, SEC, and Exchanges).



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