



February 25, 2025

President Donald J. Trump  
The White House  
1600 Pennsylvania Ave NW  
Washington, DC 20500

Dear Mr. President:

On behalf of FIA's membership, we wish you all the success as you begin your work as the 47<sup>th</sup> President of the United States.

FIA is the leading trade organization for the futures, options and centrally cleared derivatives markets. With 2025 marking the 70<sup>th</sup> anniversary of our founding, FIA's members make up the entire ecosystem of the exchange traded and cleared derivatives markets globally. This includes exchanges, clearinghouses, clearing brokers, technology providers and commercial users of these markets.

Futures, options and centrally cleared derivatives allow end users to manage market risk by hedging price volatility across a wide range of currency, commodity and financial markets. American farmers, energy producers, manufacturers, community banks and pension funds use our markets to manage the volatility of prices across various assets. This hedging results in lower costs for consumers and additional capital for economic growth.

I'm pleased to note that the state of the US cleared derivatives markets is strong. US markets have grown significantly over the past two decades. Total trading volume on regulated futures exchanges in the US has nearly doubled from 3.4 billion contracts in 2008 to 6.6 billion in 2023. In fact, more contracts were traded on exchanges in the first six months of 2024 than in all of 2008. This is a testament to the dynamic and innovative nature of the US derivatives markets.

Our markets have also demonstrated tremendous resilience and strength in the face of market volatility. The derivatives markets serve as a shock absorber during stress events, including the onset of COVID-19, the war in Ukraine, the Silicon Valley Bank failure, and rising inflation.

One reason for this growth and resilience is the principles-based regulatory framework that exists today with the US Commodity Futures Trading Commission (CFTC). The CFTC's principles-based regulatory regime provides flexible oversight tools to keep pace with evolving trends and technological advancements, such as AI, as well as novel and emerging products like digital assets. FIA strongly supports the CFTC's unique mission of promoting



“responsible innovation” and “fair competition” through its principles-based regulatory regime.

As your Administration considers its priorities related to economic policy and regulations, I want to highlight some opportunities to strengthen the cleared derivatives markets in the United States.

### ***US Bank Capital Proposals***

In 2023, US bank regulators proposed a comprehensive rewrite of the regulatory capital standards for the biggest US banks. These rules would have resulted in increased costs and reduced access to critical hedging and risk management tools for end users that rely on access to derivatives markets. While the original proposals were never finalized, FIA would welcome the opportunity to serve as a resource to your Administration, and the prudential regulators, to ensure any changes to the US bank capital regulatory framework do not create unnecessary barriers to clearing for end users.

### ***Treasury Clearing***

In December 2023, the Securities Exchange Commission (SEC) adopted final rules that will require most market participants to clear US Treasury (UST) repo and cash security transactions in the secondary market. While these transactions are not futures contracts, our industry and its participants utilize treasury securities and repo contracts every day in the collateralization, settlement and cash management of futures positions. Our industry is also exploring whether it can take a more direct role in the clearing of these products, given the similarities to the futures and swaps markets.

As we transition this massive market into clearing, there are numerous challenges ahead that may require your Administration’s attention. First, as many UST market participants are subject to both CFTC and SEC rules, the agencies will need to work together to ensure that the SEC’s Treasury clearing mandate does not conflict with CFTC regulations. Second, many broad industry efforts to provide the structure for clearing these products continue. Workstreams involving industry and the regulators need to be progressed before the first deadlines come into place, including capital, accounting, cross-margining, risk and credit controls and netting.

Implementing the first of these mandates before December 2025 will be a heavy lift, especially considering the importance of the Treasury and repo markets to the funding of the government and financial markets. Regulators will need to be flexible and aligned with industry to ensure realistic timetables. FIA has joined other financial trade associations in requesting an extension to the SEC’s deadline. FIA welcomes the opportunity to serve as a resource to your Administration, as well as the CFTC and SEC, as we work with industry to implement the clearing mandates.

### ***Evolving Market Structures***



Historically, the regulation of the US futures markets, as directed by the Commodity Exchange Act, has been by functional registration category. The statute, and its implementing regulations, require market participants who take on certain responsibilities to register in various categories. In practical terms, that means exchanges are regulated to uphold a fair marketplace, clearinghouses are regulated to ensure the integrity of the markets, and brokers are regulated to safeguard customers and their funds.

Given these critical responsibilities, these registrants have historically been housed independently, serving as a check against competing interests and ultimately protecting the clearing ecosystem and its customers. However, we are seeing the lines blurring between these types of registrants as exchanges increasingly embed brokerage or trading businesses within their legal structure.

FIA believes in the fundamental regulatory principle of same business, same risks, same rules. Although these market structure trends are still quite new, we are concerned that they could lead to an erosion in customer protection, risk controls and independent checks without the proper rules in place.

FIA urges the CFTC to establish a strong regulatory regime to cover conflicts originating from affiliated entities within these vertically integrated structures and welcomes the opportunity to serve as a resource.

### ***Emerging Technology and Artificial Intelligence (AI)***

Regulators and policymakers are exploring potential uses and risks of emerging technology, such as AI, in the derivatives markets and beyond. FIA believes the existing statute and regulatory framework, rules, and guidance provide the controls and oversight needed to promote and protect the integrity and resilience of our markets. Moving forward, FIA urges policymakers and regulators to take a "technology-neutral" approach and focus on achieving regulatory outcomes, rather than attempting to regulate the technology itself. As you develop and implement your agenda, we hope you see our industry as an important partner in these and other areas. Our markets play a critical role in the US economy, and FIA and its members look forward to working with you and your Administration to promote sound risk management and responsible innovation.

Most respectfully,

Walt L. Lukken  
President and CEO