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# United States Senate

COMMITTEE ON  
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January 8, 2018

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

Dear Chairman Giancarlo:

We write to you today regarding the critical issue of clearinghouse oversight. Less than two years ago, following years of negotiations, the CFTC and the European Commission (EC) reached an agreement on cross-border clearinghouse oversight. The resulting framework adopted by the CFTC received unanimous and bipartisan support from all CFTC commissioners, including you. The agreement struck a good balance, providing strong cross-border oversight while giving firms the flexibility that is needed in the global derivatives marketplace.

In response to the United Kingdom's 2016 referendum to leave the European Union, also known as "Brexit," the EC has proposed a major overhaul of its financial services regulatory framework for derivatives clearinghouses. This proposed framework threatens the 2016 CFTC-EC agreement and would effectively empower European regulators with broad and duplicative supervisory authority over U.S. clearinghouses.

Failure to abide by the terms of the 2016 CFTC-EC agreement would call into question the credibility of the process that has been undertaken cooperatively by the CFTC and the EC in recent years, particularly given the agreement was finalized less than two years ago. We support your efforts to ensure a universal solution that recognizes the respective supervisory authorities of the CFTC and the EC, and encapsulates the principles set forth in the CFTC-EC agreement. Disjointed regulatory activities will serve no market, and will only cause undue stress.

In a recent speech, you stated that any unilateral change by European authorities would be a violation of trust and cooperation between the U.S. and Europe. We agree with that assessment. If the EC moves away from the 2016 CFTC-EC agreement, the CFTC should review the appropriateness of the exemptions and relief it has granted to foreign entities, including clearinghouses established in the European Union. The CFTC has existing authority to initiate such review, and we would support your efforts if you deem them appropriate and necessary.

We appreciate your work to foster open, transparent, competitive, and financially sound markets, and we thank you for your attention to this matter.

Sincerely,

A handwritten signature in blue ink that reads "Pat Roberts". The signature is written in a cursive style and is positioned above a horizontal line.

Senator Pat Roberts, Chairman

A handwritten signature in blue ink that reads "Debbie Stabenow". The signature is written in a cursive style and is positioned above a horizontal line.

Senator Debbie Stabenow, Ranking Member