

**Statement of Heath P. Tarbert, of Maryland, to be Chairman and Commissioner
of the Commodity Futures Trading Commission
before the U.S. Senate Committee on Agriculture, Nutrition, and Forestry
March 13, 2019**

Chairman Roberts, Ranking Member Stabenow, and distinguished Members of the Committee, I am honored to appear before you as the nominee for Chairman of the Commodity Futures Trading Commission (CFTC). I am grateful to the President for nominating me, to all of you for holding this hearing, and to the Committee Staff for their professionalism throughout this process.

While growing up in Baltimore, my family emphasized hard work, education, and the importance of public service at every level of government. Both of my grandfathers fought in World War II: one with the Army in Europe, and one with the Navy in the Pacific. One of my uncles was a police officer; another a firefighter. My father went to night school to become an accountant and eventually served as Comptroller of the Maryland Port Administration. In that role, he oversaw the yearly flow of hundreds of thousands of metric tons of agricultural commodities through Baltimore, including exports of American soybeans, meat, poultry, animal feed, and bulk grains as well as imports of coffee and cocoa beans that were processed and refined for eventual re-export by U.S. companies. Although my father passed away after a courageous battle with pancreatic cancer, his commitment to public service remains a guiding example for me.

Each of my adult guests today is or has been a public servant. My mother retired as a child support enforcement officer and my mother-in-law retired as a public school teacher in Ashwaubenon, Wisconsin. My brother just completed a term as Deputy Mayor of Baltimore for Economic and Neighborhood Development and continues to serve the city as Deputy Chief of Strategic Alliances. Finally, my wife Kate and I met clerking for the U.S. Court of Appeals for the D.C. Circuit, after which she went on to serve in the Justice Department and as a law clerk to the Chief Justice of the United States. She is now a full-time mom to our two sons who also are here today—Ben, who is 7, and Nathaniel, who is 4. My family’s commitment to public service also inspires me.

Over the course of my career, I have had the privilege of working in all three branches of the federal government. During that time, I have developed a broad and deep background in the financial services field and the federal agencies and international bodies that regulate it. During the last year and a half, I have served as Assistant Secretary of the Treasury for International Markets, a role in which I have managed and led 12 different offices within the Treasury Department’s international division. I have represented the United States at the G-20, the Financial Stability Board, the World Bank, and other international bodies. I have negotiated several trade, regulatory, and other agreements aimed at leveling the global playing field for American workers and families. I also serve as the policy chair for the interagency Committee on Foreign Investment in the United States, where I oversee the review process for the hundreds of cases filed annually to ensure that acquisitions of U.S. businesses do not threaten our national security.

These experiences have highlighted for me the importance of working collaboratively across federal agencies, political party lines, and national boundaries to ensure our nation’s overall economic health and to advance the best interests of the American people. In testifying before Congress last year on the importance of attracting foreign investment while maintaining our national security, I emphasized that these aims are “the exclusive concern of neither Republicans nor Democrats” and are “truly American aims that transcend party lines.”

The same is true of the CFTC's mission. The uniqueness of the CFTC and the derivatives markets it regulates—along with their impact on the national economy—cannot be over-emphasized. Commodity futures, swaps, and options provide critical risk management and price discovery tools that can promote long-term stability and growth in the real economy. These financial instruments affect the lives of everyday Americans in ways often unseen, moderating the daily prices consumers pay for everything from groceries to gasoline and heating bills to home mortgages.

I recognize that leading an agency with such a unique role carries with it special obligations and responsibilities. Chief among those obligations is ensuring that our derivatives markets are open, transparent, competitive, and financially sound, while at the same time free from fraud and manipulation. Understanding the derivatives markets is of course necessary to fulfill this responsibility. But it is not sufficient. In order to be effective, the leadership and staff of the CFTC must also have a comprehensive understanding of the underlying cash commodity markets and the sectors of our economy that rely upon them on a daily basis.

In that regard, there is no sector more important than agriculture. Our nation's farmers and ranchers depend on derivatives markets to hedge their production and delivery costs, and have done so for more than 100 years. These markets ensure America's food makes it from our farms to our kitchen tables by enabling farmers and ranchers to receive fair value for their hard work while consumers benefit from stable prices. The grain elevators, mills, distributors, manufacturers, and other producers that make America's agricultural industry the envy of the world also rely upon and benefit from these markets daily. Equipping our agricultural sector with the tools to hedge risk and receive fair prices was—and always will be—the very cornerstone of the Commodity Exchange Act. Simply put, if the commodity derivatives markets are not working for the benefit of our farmers and ranchers, then they are not working. Ensuring these voices are heard at the CFTC and their concerns are addressed would be among my highest priorities. If confirmed, I will make use of this Committee's expertise as well as knowledge gained from visits with agricultural stakeholders across the country to achieve that priority.

In addition to recognizing the CFTC's historic mandate, it is important that we not lose sight of the future. Congress's enactment of Title VII of the Dodd-Frank Act has led to significant improvements in margining, execution, clearing, and reporting within the swaps markets. Work in implementing these reforms must continue. At the same time, we should acknowledge that our derivatives markets have recently been transformed by digital technologies that present opportunities as well as risks. The CFTC must remain committed to promulgating regulations that allow technological innovations to flourish, but also protect our markets and consumers from harm. We must likewise remain vigilant in thwarting new threats—such as cyberattacks—that represent more than a theoretical danger to our financial system. Finally, because our markets are global, coordination with our international counterparts to reduce systemic risk, avoid market fragmentation, protect customers, and promote basic international standards will be vital as we move forward.

Our futures, options, and swaps markets serve as the global standard. They are deep, open, liquid, transparent, and soundly regulated. If confirmed as CFTC Chairman, I will be fully committed to ensuring they remain that way.