



February 9, 2021

President Joe Biden
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 46th President of the United States. Policies affecting financial markets are sure to feature prominently in your agenda, particularly in light of the recent volatility in securities markets. We look forward to collaborating with your administration on this important area of economic policy, and we would like to take this opportunity to introduce our organization, priorities, and support for well-regulated markets.

FIA is the leading global trade organization for the futures, options and centrally cleared derivatives markets. Our mission is to support open, transparent, and competitive markets, protect and enhance the integrity of the financial system, and promote high standards of regulation and professional conduct. Our markets allow end-users, including farmers, manufacturers, community banks and pension funds, to hedge price volatility across a wide range of currency, commodity and financial markets, helping to lower costs for consumers and free up capital for economic growth.

The COVID-19 pandemic and the ensuing market volatility in the spring of 2020 provided a powerful real world stress test of the Dodd-Frank Act reforms enacted after the 2008 financial crisis. Cleared derivatives markets remained robust and resilient despite the extreme market volatility and record trading volumes, and end-users in the real economy never lost their ability to use these markets to manage risk and discover prices.

Ultimately, the clearing system brought enhanced transparency and confidence to the derivatives marketplace during this unprecedented moment in our nation's history. The global cleared derivatives markets served as an important "shock absorber" in times of stress, just as post-crisis reforms intended.

As your administration considers its priorities, we want to highlight areas where the cleared derivatives markets can play a pivotal role:

Global market access

It is imperative for US end-users to be able to access risk management tools wherever they may be located. Both agriculture and financial services are a strength of the US economy, and they both require access to markets that facilitate risk management, investment, and trade. We encourage US regulators to promote cross-border access to markets without overly burdensome and duplicative regulations. FIA welcomes recent steps taken by US regulators to reduce market fragmentation and hopes your administration will continue to ensure cross-border access and a level playing field for global market participants. We encourage US regulators to promote competitiveness by eliminating duplicative rules that serve as barriers to access and by recognizing jurisdictions where comparable rules apply.

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Regulatory harmonization

With firms conducting more cross-border transactions, US and global regulators will need greater coordination when it comes to information-sharing and market oversight. There is also a need for harmonization and coordination among domestic regulators, too. Markets function more effectively and with less disruption when the rules of engagement are clear, simple, and transparent. At a time when US firms are facing regulatory fragmentation both domestically and abroad, we encourage regulators within the US and abroad to work together to harmonize rules and frameworks.

Smart innovation

Market regulators are tasked not only with preventing disruptive market events, but also with promoting responsible innovation and fair competition. Rules should be crafted in a way that protects the public, clients, end-users and the marketplace but also incentivizes innovation. Policies that promote technological innovation not only make markets more efficient and accessible but can lead to public benefits through improved tools for oversight and infrastructure security. We also encourage the new administration to clarify rules and eliminate uncertainty in the area of digital assets so that these products can flourish safely and securely.

Sustainability

FIA and its members know that climate change poses a serious risk to the global economy, and our industry is playing a critical role in the transition to a low-carbon economy. To help manage climate risks and reduce carbon emissions, the cleared derivatives markets are developing innovative products and trading platforms to help the world transition to a low-carbon future.

Financial markets need to be part of the solution to addressing global climate change, and FIA is committed to working with the public and private sectors to address this issue and to help meet the goals of the Paris Climate Agreement.

As you set forth 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,

A handwritten signature in black ink that reads 'Walt L. Lukken'.

Walt L. Lukken
FIA President and CEO

*Cc: The Honorable Janet Yellen (Secretary, US Treasury)
The Honorable Debbie Stabenow (Chairwoman, US Senate Committee on Agriculture, Nutrition, and Forestry)
The Honorable Sherrod Brown (Chairman, US Senate Committee on Banking, Housing, and Urban Affairs)
The Honorable John Boozman (Ranking Member, US Senate Committee on Agriculture, Nutrition, and Forestry)*

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The Honorable Patrick J. Toomey (Ranking Member, US Senate Committee on Banking, Housing, and Urban Affairs)
The Honorable David Scott (Chairman, US House Committee on Agriculture)
The Honorable Maxine Waters (Chairwoman, US House Committee on Financial Services)
The Honorable Glenn 'GT' Thompson (Ranking Member, US House Committee on Agriculture)
The Honorable Patrick McHenry (Ranking Member, US House Committee on Financial Services)
The Honorable Rostin Behnam (Acting Chairman, US Commodity Futures Trading Commission)
The Honorable Brian D. Quintenz (Commissioner, US Commodity Futures Trading Commission)
The Honorable Dawn DeBerry Stump (Commissioner, US Commodity Futures Trading Commission)
The Honorable Dan M. Berkovitz (Commissioner, US Commodity Futures Trading Commission)
The Honorable Heath P. Tarbert (Commissioner, US Commodity Futures Trading Commission)
The Honorable Allison Herren Lee (Acting Chair, US Securities and Exchange Commission)
The Honorable Hester M. Peirce (Commissioner, US Securities and Exchange Commission)
The Honorable Elad L. Roisman (Commissioner, US Securities and Exchange Commission)
The Honorable Caroline A. Crenshaw (Commissioner, US Securities and Exchange Commission)

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