

# United States Senate

WASHINGTON, DC 20510

June 26, 2013

The Honorable Jacob Lew  
Secretary of the Treasury  
Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

Dear Mr. Secretary:

We are writing to you to express concerns regarding the process of reforming the derivatives market, specifically the development of workable cross-border rules. As of May of this year, the Commodities Futures Trading Commission (CFTC) and Securities and Exchange Commission (SEC) have issued different and somewhat conflicting approaches to regulating the derivatives market in coordination with international regulators.

Properly regulated multi-jurisdictional trading in the derivatives market plays an important role in the global financial system. Congress has made it clear that the foundation on which cross-border rules should be based is to prevent against risks to our financial systems. The most effective way to mitigate these risks is to have all domestic and international regulators cooperating and working together.

However, the current framework does not provide the certainty needed to ensure multi-jurisdictional compliance. Creating an overly complicated compliance system for market participants will result in conflicting, duplicative or inconsistent rules that could foster new and unforeseen risks and lead to international regulatory arbitrage.

The CFTC and SEC's efforts to bring the trillions of dollars within the derivatives market into regulatory compliance should be applauded. With clear direction and leadership, the CFTC and SEC can and should work with domestic and international regulators to ensure that the global derivatives market promotes transparency, efficiency and risk mitigation. To achieve this coordination, more time is needed for domestic harmonization and sequencing with regulations that occur abroad.

Thank you for your continued efforts to ensure the strength and stability of the U.S. financial system. Effectively implementing Title VII and other provisions of the Dodd-Frank Act is an essential component necessary to protect our financial system and the consumers and businesses that rely on it. We look forward to working with you on this issue.

Sincerely,



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Kirsten E. Gillibrand  
United States Senate



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Thomas R. Carper  
United States Senate



Kay R. Hagan  
United States Senate



Heidi Heitkamp  
United States Senate



Michael F. Bennet  
United States Senate



Charles E. Schumer  
United States Senate

CC: The Honorable Gary Gensler, Commodities Futures Trading Commission  
CC: The Honorable Mary Jo White, Securities and Exchange Commission