

April 17, 2016

Amanda E. Eversole and John S. Miller  
Information Technology Information Council  
1101 K St., NW Suite 610  
Washington, D.C. 20005

Re: The Legality of CFTC Proposed Regulation AT Source Code provisions

Dear Amanda Eversole and John Miller,

According to your letter to Mr. Christopher Kirkpatrick of the CFTC mandating that companies maintain source code repositories is **costly and inefficient**. The CFTC does not have the manpower to examine the safety of each change of each algorithm of each account at each market participant. There are two executive orders which require a more efficient means of meeting objectives if available:

Executive Order 13576 Delivering Enabling, Effective and Accountable Government states “the Administration is committed to insuring that the Federal Government serves the American people with the utmost effectiveness and efficiency.”

Executive Order 13589 Promoting Efficient Spending states to ensure efficient travel spending, agencies are encouraged to devise strategic alternatives to Government travel, including local or technological alternatives, such as teleconferencing and video conferencing.

Please find the letter attached “The Clear Alternative to CFTC Regulation AT: ***If net-capital can be calculated in real-time through an automated system, then it is possible that an electronic transmission of a deficiency in liquidity can be sent to a designated contract markets (DCM) or an exchange to block trading in real-time for the deficient market participant.*** Examiners would not need to travel to firms.

As the patent holder of a system 6,144,947 which enables the impact of real-time trading on firm net-capital, the CFTC and SEC would be more efficient by examining just one **preventative** system instead of each and every algorithm which changes. If a market participant’s net capital would fall before regulatory requirements, the system could send an electronic transmission to the exchange to block trading with immediacy. The market is insulated as the buffer to the market, regulatory capital is intact.

The patent which is a legal contract with the government is a bona fide example of the more efficient means of insuring market stability thus must be used for the CFTC to be compliant with Executive Orders 13576 and 13589. There really is no need for the source codes to be reviewed if adverse market trading is blocked in real-time.

Sincerely,

Peter Schwartz

[www.systemicriskregulation.com](http://www.systemicriskregulation.com)

